

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 26, 2013

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 001-33296

NATIONAL CINEMEDIA, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	20-5665602 (I.R.S. Employer Identification No.)
9110 East Nichols Avenue, Suite 200 Centennial, Colorado (Address of principal executive offices)	80112-3405 (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value \$0.01 per share (Title of each class)	The NASDAQ Stock Market LLC (Name of each exchange on which registered)
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Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Based on the closing sales price on June 27, 2013, the aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was \$911,197,217.

As of February 14, 2014, 61,384,391 shares of the registrant's common stock (including unvested restricted stock), par value of \$0.01 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement to be used in connection with its Annual Meeting of Stockholders and to be filed within 120 days of December 26, 2013 are incorporated by reference into Part III, Items 10-14, of this report on Form 10-K.

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Certain Definitions

In this document, unless the context otherwise requires:

- “NCM, Inc.,” “the Company,” “we,” “us” or “our” refer to National CineMedia, Inc., a Delaware corporation, and its consolidated subsidiary National CineMedia, LLC.
- “NCM LLC” refers to National CineMedia, LLC, a Delaware limited liability company, which commenced operations on April 1, 2005, and is the current operating company for our business, which NCM, Inc. acquired an interest in, and became a member and the sole manager of, upon completion of our initial public offering, or “IPO,” which closed on February 13, 2007.
- “AMC” refers to AMC Entertainment Inc. and its subsidiaries, National Cinema Network, Inc., or “NCN,” which contributed assets used in the operations of NCM LLC and formed NCM LLC in March 2005, AMC ShowPlace Theatres, Inc., which joined NCM LLC in June 2010 in connection with AMC’s acquisition of Kerasotes ICON Theatres and American Multi-Cinema, Inc., and is party to an ESA with NCM LLC.
- “Cinemark” refers to Cinemark Holdings, Inc. and its subsidiaries, Cinemark Media, Inc., which joined NCM LLC in July 2005, and Cinemark USA, Inc., and is party to an ESA with NCM LLC.
- “Regal” refers to Regal Entertainment Group and its subsidiaries, Regal CineMedia Corporation, or “RCM,” which contributed assets used in the operations of NCM LLC, Regal CineMedia Holdings, LLC, which formed NCM LLC in March 2005, and Regal Cinemas, Inc., and is party to an ESA with NCM LLC.
- “ESAs” refers to the amended and restated exhibitor services agreements entered into by NCM LLC with each of NCM LLC’s founding members upon completion of the IPO, which were further amended and restated on December 26, 2013 in connection with the sale of the Fathom Events business.
- “Founding members” refers to AMC, Cinemark and Regal.
- “OIBDA” refers to consolidated net income plus income tax expense, interest and other non-operating 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.

Cautionary Statement Regarding Forward-Looking Statements

In addition to historical information, some of the information in this Form 10-K includes “forward-looking statements.” All statements other than statements of historical facts included in this Form 10-K, including, without limitation, certain statements under “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” may constitute forward-looking statements. In some cases, you can identify these “forward-looking statements” by the specific words, including but not limited to “may,” “will,” “can,” “should,” “expects,” “forecast,” “project,” “intend,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of those words and other comparable words. These forward-looking statements involve known and unknown risks and uncertainties, assumptions and other factors, including, but not limited to, the following:

- *changes in the ESAs or lack of support by NCM LLC’s founding members;*
- *non-competition provisions of the ESAs being deemed unenforceable;*
- *bankruptcy of one of NCM LLC’s founding members;*
- *national, regional and local economic conditions that may affect the markets in which we operate;*
- *the levels of expenditures on advertising in general and cinema advertising in particular;*
- *increased competition within the overall advertising industry;*
- *technological changes and innovations, including three-dimensional (“3-D”), digital cinema, alternative methods for delivering movies to consumers and failures or disruptions of our technology systems;*
- *failure to effectively manage or continue our growth;*
- *the popularity of major motion picture releases and level of theatre attendance, including at NCM LLC’s founding members’ theatres;*
- *failure to retain our senior management;*
- *shifts in population and other demographics;*
- *infringement of our technology on intellectual property rights owned by others;*
- *our ability to renew expiring advertising contracts at favorable rates, or to replace them with new contracts that are comparably favorable to us;*
- *our need for, and ability to obtain, additional funding for acquisitions and operations;*
- *NCM LLC’s founding members’ ability to compete with us, influence our affairs and benefit from corporate opportunities that might otherwise be available to us;*
- *risks and uncertainties relating to our significant indebtedness and investments, including the availability and adequacy of cash flows to meet our debt service requirements and any other indebtedness that we may incur in the future;*
- *fluctuations in operating costs, capital expenditures, revenue and Adjusted OIBDA;*
- *future issuance of membership units;*
- *determination that NCM, Inc. or any of NCM LLC’s founding members is an investment company;*
- *determination that any amount of our tax benefits under the tax receivable agreement should not have been available;*
- *changes in market interest rates and stock prices; and*
- *other factors described under “Risk Factors” or elsewhere in this Annual Report on Form 10-K.*

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This list of factors that may affect future performance and the accuracy of forward-looking statements are illustrative and not exhaustive. Our actual results, performance or achievements could differ materially from those indicated in these statements as a result of additional factors as more fully discussed in the section titled “Risk Factors,” and elsewhere in this Annual Report on Form 10-K. Given these uncertainties, readers are cautioned not to place undue reliance on our forward-looking statements.

All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. We disclaim any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

PART I

Item 1. **Business**

The Company

NCM, Inc., a Delaware corporation, was organized on October 5, 2006 and began operations on February 13, 2007 upon completion of its IPO. NCM, Inc. is a holding company that manages its consolidated subsidiary NCM LLC. NCM, Inc. has no business operations or material assets other than its cash and ownership interest of approximately 46.1% of the common membership units in NCM LLC as of December 26, 2013. NCM LLC's founding members, AMC, Cinemark and Regal, the three largest motion picture exhibition companies in the U.S., held the remaining 53.9% of NCM LLC's common membership units as of December 26, 2013. NCM, Inc.'s primary source of cash flow from operations is distributions from NCM LLC pursuant to the NCM LLC operating agreement. NCM, Inc. also receives management fees pursuant to a management services agreement with NCM LLC in exchange for providing specific management services to NCM LLC.

On December 26, 2013, NCM LLC sold its Fathom Events business to a newly formed limited liability company owned 32% by each of the founding members and 4% by NCM LLC. Refer to “—Fathom Events” for further information.

NCM LLC has long-term ESAs with NCM LLC's founding members and multi-year agreements with certain third-party theatre circuits, referred to in this document as “network affiliates,” under network affiliate agreements which expire at various dates between April 29, 2014 and July 22, 2031. The ESAs and network affiliate agreements grant NCM LLC exclusive rights in their theatres, subject to limited exceptions, to sell advertising and to market and distribute Fathom Events (prior to the sale described above).

Description of Business

Overview

NCM LLC operates the largest digital in-theatre media network in North America, through which it sells in-theatre and online advertising, promotions and until its sale at the end of 2013, Fathom Events. Our advertising pre-show called “*FirstLook*”, lobby entertainment network (“LEN”), programming and Fathom Events are distributed across our digital content network (“DCN”) or live digital broadcast network (“DBN”), utilizing our proprietary digital content software (“DCS”).

Through December 26, 2013, we derived revenue principally from the following activities:

- **Advertising:** We develop, produce, sell and distribute several versions of *FirstLook* on theatre screens, and advertising programming on our LEN. We also sell other forms of advertising and promotions in theatre lobbies and across our online network and mobile apps called *Movie Night Out*[®] and *FirstLookSync*[™]. For the year ended December 26, 2013, advertising accounted for 92.1% of our total revenue.
- **Fathom Events:** We produced, marketed and distributed entertainment programming through our Fathom division to theatres across our DCN (for pre-recorded events) and DBN (for both live and pre-recorded events). For the year ended December 26, 2013, Fathom Events accounted for 7.9% of our total revenue. Refer to “—Fathom Events” for additional information.

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We believe that the reach and digital delivery capability of our network provides an effective platform for national and local advertisers to reach a large, young and affluent audience on a highly-targeted, engaging and measurable basis. During 2013, approximately 710 million patrons attended movies shown in theatres in which NCM LLC currently has exclusive cinema advertising agreements in place. A summary of the screens in our advertising network is set forth in the table below:

Our Network (As of December 26, 2013)

	Advertising Network				Fathom Events
	Theatres	Digital Screens	Total Screens	% of Total	Screens (1)
Founding Members	1,242	15,932	16,562	83.30%	882
Network Affiliates	334	3,122	3,316	16.70%	247
Total	1,576	19,054	19,878	100.00%	1,129

(1) As of December 26, 2013, these Fathom Events screens are no longer a part of the NCM LLC network due to the sale of Fathom Events.

On-Screen Advertising

Our on-screen digital *FirstLook* pre-feature show consists of national and local advertising, as well as behind the scenes “making-of” and other entertainment content provided by our content partners and other clients. The pre-feature show generally ranges in length from 20 to 30 minutes and ends at or about the advertised show time. We distribute several versions of *FirstLook* each month, including versions that include content and national advertisements that are targeted towards movie ratings, specific films, or groups of films related to specific film genres and local and regional advertisements that play in specific theatre markets or geographic regions. All *FirstLook* pre-shows are customized with the branding of the theatre circuits in which the programming plays. Since 2010, we have the capability to deliver three-dimensional (“3-D”) advertising campaigns within a 3-D version of the *FirstLook* program prior to 3-D films.

The majority of our entertainment content segments are provided to us under exclusive multi-year contractual arrangements with leading media, entertainment and technology companies (“content partners”). Under the terms of the contracts, our content partners make available to us original content segments and make commitments (generally for terms of two years) to buy a portion of our advertising inventory at a specified cost per thousand (“CPM”). The original content produced by these content partners typically features behind-the-scenes interviews about the “making-of” feature films, upcoming broadcasts, cable television shows, or technology products. Our agreement with a major wireless communications company to exhibit a cell phone courtesy public service announcement (“PSA”) expired during the second half of 2013 and was replaced by a two-year agreement with an insurance company to exhibit a PSA, as well as another two-year agreement signed in early 2014 with a candy company for a PSA. We also have a long-term agreement to display advertising (currently 60 seconds) of NCM LLC’s founding members’ beverage supplier.

National advertising is sold on a CPM basis, while local and regional advertising is sold on a per-screen, per-week basis. While we generally sell our national advertising units across our national network by film rating or groups of ratings, we also have the ability to sell portions of our network by individual film or film genre grouping. This offers national advertisers a way to target specific audience demographics at various price points and overall cost levels, which expands the number of potential clients.

FirstLook was created in order to provide a more entertaining pre-feature program for theatre patrons and a more targeted and effective advertising platform for our advertising clients by integrating local and national video advertising with entertainment content segments primarily provided by our content partners.

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FirstLook is comprised of up to four segments, each approximately four to seven minutes in length. Segment four, the first section of *FirstLook*, begins approximately 20 to 25 minutes prior to the advertised show time and generally includes local advertising. Segment three typically begins approximately 18 minutes prior to the advertised show time and features primarily 15 or 30-second local or regional advertisements by individual theatres, or across an entire DMA® or geographic region. Segment three also includes a two and one-half minute entertainment content segment. Segment two and segment one run closest to the advertised show time and feature primarily national and regional advertisements. Both segment two and segment one include a two and one-half minute entertainment content segment provided primarily by our content partners, along with national and regional advertisements which are generally 30 or 60 seconds, including a 60 second advertisement at the end of segment one for the circuits' beverage supplier. Segment two and segment one begin approximately 13 minutes and 8 minutes, respectively, before the advertised show time.

In 2010, we began selling 3-D advertising that runs prior to select 3-D films. The 3-D advertisements are placed at the end of the *FirstLook* pre-show, after a message for patrons to put on 3-D glasses. These 3-D ads provide average advertising CPMs that are higher than average two-dimensional ("2-D") pricing due primarily to a fewer number of 3-D advertisements and improved recall (based on third-party research) associated with those 3-D ads. Theatre patrons are prompted to put their glasses on prior to the 3-D portion of *FirstLook* so they can be kept on throughout the end of the *FirstLook* pre-show, during the film trailers and 3-D feature film. This structure is designed to provide a better theatre patron experience.

As of December 26, 2013, approximately 96% of our total screens are part of our DCN representing approximately 97% of our total network attendance. As of December 26, 2013, 15,756, or 83%, of 19,054 total digital screens are equipped with more powerful digital cinema projectors, with the remainder comprised of LCD projectors. The 824 screens not connected to our DCN display national and regional advertisements through the use of USB drives that are shipped to the theatres via overnight delivery services.

The film trailers that typically run before the feature film are not part of *FirstLook*. Film trailers do not begin until after the *FirstLook* program ends at or about the advertised show time.

We offer multiple versions of *FirstLook* each month that include advertising content that is appropriate for a specific film or film rating category and branding of the specific theatre operator. This programming flexibility provides advertisers with the ability to target specific audience demographics and gives us the ability to ensure that the content and advertising is age-appropriate for the movie audience. We rotate the entertainment content segments between theatres approximately every two weeks to ensure that frequent moviegoers are entertained by fresh content segments.

Our goal in creating *FirstLook* as a branded entertainment program was to create a new "first release window" for advertising into the marketplace, similar to the way films are released first in cinemas. To that end, we encourage advertisers to provide us with advertisements before they are shown on other media platforms, different versions of those advertisements, or original content that is specifically created for cinema. We also offer pre- and post-production services to our clients (primarily local clients), for a fee, to enhance the quality of the content we display.

The *FirstLook* program also includes time slots for NCM LLC's founding member and network affiliate advertisements to promote various activities associated with the operations of the theatres, including concessions, online ticketing partners, gift card and loyalty programs, special events presented by the theatre operator and vendors of services provided to theatres, so long as such promotion is incidental to the vendor's service or products sold in the theatre. This time is provided by us to the theatre operator at no charge and generally includes 45 seconds within 15 minutes of show time, 15 seconds of which will be placed within 12 minutes of show time, and the remainder placed at our discretion.

Currently, under the ESAs the last 60 seconds of the *FirstLook* program is sold to NCM LLC's founding members to be used to advertise their beverage concessions. This time is used to satisfy the founding members'

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on-screen advertising commitments under their beverage concessionaire agreements. Through 2011, this time was priced on a CPM basis, which increased each year as specified in the ESA. Per the ESA, beginning in 2012, the CPM change equaled the prior year annual percentage change in the advertising CPM charged by NCM LLC to unaffiliated third parties during the last few minutes of the FirstLook pre-show, limited to the highest advertising CPM being then-charged by NCM LLC.

The arrangements with NCM LLC's founding members relating to on-screen advertising for their beverage concessionaires, the agreements with our content partners and the PSAs represented approximately \$141.0 million, or approximately 31%, of our total revenue for the year ended December 26, 2013.

Lobby Network and Promotions

Lobby Entertainment Network (LEN). Our LEN is a network of video screens strategically located throughout the lobbies of all of our digitally equipped NCM LLC's founding members' theatres and the majority of our network affiliate theatres. As of December 26, 2013, our LEN had 3,063 screens in 1,452 theatres connected to our DCN. The LEN screens are strategically placed in high-traffic locations such as concession stands and film queuing and other waiting areas. Programming on our LEN consists of an approximately 30-minute loop of branded entertainment content segments created specifically for the lobby with advertisements running between each segment. We have the scheduling flexibility to send different LEN programming to each theatre and the same program is displayed simultaneously on all lobby screens within a given theatre, which we believe provides the maximum impact for our advertisers. We sell national and local advertising on the LEN individually or bundled with on-screen or other lobby promotions. The LEN programming includes up to two minutes for NCM LLC's founding members' advertisements to promote activities associated with the operation of the theatres, including concessions, ticketing partners, gift card and loyalty programs, special events presented by the theatre operator and vendors of services provided to theatres, so long as such promotion is incidental to the vendor's service. Additionally, subject to certain limitations, the LEN programming includes up to two minutes (one minute of which we provide to NCM LLC's founding members at no cost and one minute of which NCM LLC's founding members may purchase) to promote certain non-exclusive cross-marketing relationships entered into by the theatre operators for the purpose of increasing theatre attendance, which we call "strategic programs".

Under the terms of the ESAs, NCM LLC's founding members also have the right to install additional screens in their theatre lobbies, which would not display our LEN programming, but would be used to promote strategic programs or their theatre concessions, ticketing partners, gift card and loyalty programs, special events presented by NCM LLC's founding member and vendors of services provided to theatres, so long as such promotion is incidental to the vendor's service.

Lobby Promotions. We also sell a wide variety of advertising and promotional products in our theatre lobbies. These products can be sold individually or bundled with on-screen or LEN advertising. Lobby promotions typically include:

- advertising on concession items such as beverage cups, popcorn bags and kids' trays;
- coupons and promotional materials, which are customizable by film and are distributed to ticket buyers at the box office;
- product sampling and display;
- touch-screen display units and kiosks; and
- signage throughout the lobbies, including posters, banners, counter cards, danglers, floor mats, standees and window clings.

Under the terms of the ESAs, NCM LLC's founding members may conduct a limited number of lobby promotions at no charge in connection with the promotion of motion pictures and their strategic programs; however, such activities will not reduce the lobby promotions inventory available to us.

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Our ability to provide in-lobby marketing and promotional placements in conjunction with our other marketing solutions allows us to provide integrated marketing products to advertisers with multiple interactions with theatre patrons throughout the movie-going experience, which we believe is a competitive advantage over other national media platforms.

Branded Entertainment Websites and Mobile Applications

We have a business website, *ncm.com* and three consumer facing websites, *firstlookonline.com*, *FathomEvents.com* (which was transferred with the sale) and *movienightout.com* and mobile apps *FirstLookSync* (formerly *CinemaSync*) and *Movie Night Out*. We launched *FirstLookSync* and will continue to expand *FirstLookSync* distribution to create a much more important marketing tool for our theatre partners and advertising clients. *FirstLookSync* allows our theater partners to engage directly with their patrons to market tickets for upcoming films and concession products. It also provides a unique marketing tool for our local and national advertising clients who can use it to distribute coupons and other value-added elements by syncing to consumers' smart phones during the playing of ads and content segments in our *FirstLook* pre-show or on our lobby network. Our consumer facing websites and mobile apps extend our *FirstLook* pre-show in order to expand our advertising reach to online and mobile consumers and provide an opportunity to create a unique integrated bundle of marketing products for our clients. We also have an online advertising network through selling and marketing relationships with several movie and entertainment related online websites and mobile app publishers. We are developing and operating our websites and mobile apps through our existing media production and technology group and selling the advertising on our advertising network through a small digital sales group and our existing national and local sales organizations. As these online and mobile activities are supported primarily through our existing staff and infrastructure, we believe that digital revenue and additional in-theatre integrated marketing packages can be developed with limited incremental investment and operating costs. We will employ several marketing strategies to attract patrons to our websites and promote the download and usage of our mobile apps including placing ads within our *FirstLook* pre-show. As of December 26, 2013, our online advertising network included 39 entertainment websites (including our 100% owned sites), with approximately 47 million unique visitors monthly. This vertically integrated online ad network provides advertisers the ability to target online entertainment consumers while providing publishers a way to benefit from NCM's sales infrastructure and the integration and bundling with NCM LLC's in-theatre network.

Fathom Events

On December 26, 2013, NCM LLC sold its Fathom Events business to a newly formed limited liability company (AC JV, LLC) owned 32% by each of the founding members and 4% by NCM LLC. In consideration for the sale, NCM LLC received a total of \$25.0 million in promissory notes from its founding members (one-third or approximately \$8.3 million from each founding member). The notes bear interest at a fixed rate of 5.0% per annum, compounded annually. Interest and principal payments are due annually in six equal installments commencing on the first anniversary of the closing. Due to the related party nature of the transaction, we formed a committee of independent directors that hired a separate legal counsel and an investment banking firm who advised the committee and rendered an opinion as to the fairness of the transaction. NCM LLC deconsolidated Fathom Events and recognized a gain on the sale of approximately \$25.4 million (net of direct expenses) during the year ended December 26, 2013. NCM LLC amended and restated its existing ESAs with each of the founding members to remove those provisions addressing the rights and obligations related to the digital programming services of the Fathom Events business. These rights and obligations were conveyed to AC JV, LLC in connection with the sale. In connection with the sale, NCM LLC entered into a transition services agreement to provide certain corporate overhead services for a fee and reimbursement for the use of facilities and certain services including creative, technical event management and event management for the newly formed limited liability company for a period of nine months following the closing. In addition, NCM LLC entered into a services agreement with a term coinciding with the ESAs, which grants the newly formed limited liability company advertising on-screen and on our LEN and a pre-feature program prior to Fathom events reasonably consistent with what was previously dedicated to Fathom. In addition, the services agreement

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provides that we will assist with event sponsorship sales in return for a share of the sponsorship revenue. NCM LLC has also agreed to provide creative and media production services for a fee.

The Fathom Events business focused on the marketing and distribution of live and pre-recorded entertainment programming to theatre operators to provide additional programs to augment their feature film schedule. Fathom Consumer events have included live and pre-recorded concerts featuring contemporary music, opera and symphony, DVD product releases and marketing events, theatrical premieres, Broadway plays, live sporting events and other special events.

In 2013, our 73 event nights included genres such as the New York Metropolitan Opera (“Met”), music, arts and entertainment, big screen premieres, sports and original programming. This represents an 18.9% decrease over the 90 event nights during 2012, while average revenue per event increased 23.6% due to our focus on higher quality events.

Sales and Marketing

In-Theatre Advertising. We sell our in-theatre and online advertising products and event sponsorships through our national, local and regional sales teams. We market our advertising products through our marketing group located primarily in our New York City sales office.

As of December 26, 2013, we had 36 advertising sales and client development related personnel (including management and sales support staff) within our national sales group. During 2013, approximately 34.7% of the total compensation of the national sales staff was related to bonus or commission, which is based on achieving certain team sales targets in order to enhance coordination and teamwork. Our national sales organization has proven to be highly profitable and scalable as we have not added a significant number of sales personnel as our network has expanded. Our national sales staff is located in our sales offices in New York City, Woodland Hills (outside Los Angeles) and Chicago.

Our local and regional advertising sales staff, comprised of account directors and telesales representatives, is located throughout the country, with each covering an average of 121 screens per representative. Their responsibility is to sell cinema advertising to local clients as well as larger regional advertisers. During 2013, approximately 76.1% of the compensation for local sales staff was based on an individual sales commission on collected sales. As our network and local business grows, it may require the addition of sales personnel to cover the new markets or screens. As of December 26, 2013, we had 174 sales personnel (including management and sales support staff) within our local and regional sales groups, the majority of which work out of their homes located within the markets they sell.

Over the past several years, we have increased our national and local advertising revenue by expanding our network and the number of clients and client categories through sales outreach and several marketing tactics, including expansion and improvement of research provided to clients and the addition of client development executives. We aggressively market and sell directly to clients as well as advertising agencies. We also on occasion place advertising in national trade publications, and commission third-party market research to assist our sales team. We believe that improved research regarding cinema advertising and our network has provided our customers with compelling statistical evidence of the superiority of our advertising products relative to television and other traditional advertising mediums based on metrics such as brand recognition, message recall, and likeability. In addition, we believe that we are capturing an increasing market share from traditional advertising media platforms such as broadcast TV, by establishing cinema advertising as a more accountable and effective advertising medium relative to other media. As of December 26, 2013, we had 46 personnel based primarily in New York and Denver that focus on the marketing, research and public relations aspects of our advertising business.

Fathom Events. As of December 26, 2013 (prior to its sale) we had a staff of 11 (including management and sales support staff) that was dedicated to sales. In fiscal year 2013, we held 73 Fathom Consumer events (a

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decrease of 18.9% over 2012) attended by approximately 2.1 million patrons (an increase of 4.5% over 2012). Fathom Consumer events were marketed primarily using designated and unsold inventory in the *FirstLook* pre-show, digital trailers after *FirstLook*, one sheets and other marketing materials in theatre lobbies, through our websites, our mobile apps and internet sites of our programming partners and other cross-marketing activities including radio and cable TV advertising.

Media and Creative Services

Our media and creative services department uses state of the art, proprietary and non-proprietary technologies and practices to ensure the consistent image and sound quality of the *FirstLook* and Fathom Event promotional content distributed over our network, creating the highest possible cinema quality presentation for *FirstLook*, LEN presentations and all of our other in-theatre marketing products, associated with the Fathom Events business (prior to its sale). We believe the expertise of this group in optimizing content for cinema playback within our *FirstLook* pre-show, Fathom Events and our internet sites and mobile apps, has been instrumental in our ability to provide a better experience for the theatre patron and to enhance our ability to attract and retain our on-screen advertising clients, build and retain relationships with network affiliates and market Fathom Events. We provide a full spectrum of 2-D and 3-D production and post-production services to our advertising clients on a per contract fee basis, including audio enhancements, color correction and noise reduction. Our expertise in cinematic production and our ability to tailor advertisements developed for television to a high-definition cinema playback format facilitates the ability of national advertisers to display content originally provided for television thus optimizing their original investment to the big-screen presentation. We also offer creative and production services to our clients (primarily local clients), developing full sight, sound and motion high-definition advertisements from concept to completion. This service substantially reduces the obstacles for smaller clients to invest in cinema-quality advertising and ensures a higher quality presentation for cinema patrons. During 2013, we produced and performed post-production services for approximately 55% of the local advertisements that played across our networks. NCM LLC's founding members also engage us for the production of their on-screen concession product advertisements and policy trailers.

Technology and Other Corporate Branding

We utilize our digital media expertise, our proprietary DCS and various digital network technologies to deliver a high quality cinema advertising pre-show and pre-recorded Fathom Events to our network theatres. These technologies facilitate the delivery of a high-quality entertainment experience and provide advertising clients a lower cost and more programming flexibility. Moreover, our technology allows significant operational and scheduling flexibility to our advertising clients that can target various demographic groups by location, film rating or film title and measure advertising audience size and efficiently monitor and provide audit data of the on-screen playback.

We employ two satellite networks to distribute content to our theatres. Our DCN, which is the combination of a satellite distribution network and a terrestrial network, distributes our *FirstLook* content to 19,054 digital screens (96% of the total), 1,487 theatres and over 3.6 million seats, representing 97% of the total attendance of our advertising network as of December 26, 2013. Our DBN satellite network was used to support live Fathom Events by broadcasting live feeds to over 1,100 screens in over 760 theatres and approximately 268,000 theatre seats. As a result of the Fathom sale on December 26, 2013, this DBN network was transferred along with the Fathom business.

The satellite technology we use provides a cost-effective means to deliver live and pre-recorded digital content to theatres. We employ a variety of technologies that “wrap” around the satellite process to help provide uninterrupted service to theatres. For example, our proprietary DCS has automated implementation capabilities that allow for data files to be multicast to theatres throughout our DCN. Our digital content system operated in our network operations center (“NOC”) combined with in-theatre systems that are connected to the Alternative Content Engine (“ACE”) are interfaced with our satellite provider network to dynamically control the quality,

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placement, timing of playback and completeness of content within specific auditoriums. The integrated DCN (including the DCS software) is controlled by our NOC in our Centennial, Colorado headquarters, which supports and monitors approximately 78,900 network hardware devices and approximately 503,000 maintenance alarm technology points on the LEN network as of December 26, 2013.

Through our NOC, we have access to and can monitor and initiate repairs to the equipment in our entire digital network of theatres. Our NOC operates 24 hours a day, seven days a week. Digital content is uploaded from our NOC and distributed through the DCN to theatres in advance of playback. The content is delivered via multicast technology to all theatres in our network and received by our theatre management system where it is held until displayed in specified theatre auditoriums according to its contract terms. Each theatre auditorium has a hardware and software architecture that controls the content to be shown in the auditoriums or over the LEN in the theatre lobby. After the theatre management system receives digital content, confirmation of content playback is returned via satellite to our NOC to be included in “post” reports provided to our advertising clients.

Our Competitive Strengths

We believe that our key competitive strengths include:

Superior National Advertising Network

We believe that our national advertising network delivers measurable results versus television, online and mobile or other video advertising networks, by allowing for effective targeting of marketing messages to a large, young and affluent audience, yielding a superior return on investment for advertisers as compared to traditional national and local media platforms. As a result, we are able to compete more effectively for marketing spending by local and national advertisers through our relationships with a diversified group of local and national advertisers and agencies throughout the U.S. The following are the key competitive strengths of our advertising network:

- **Extensive National Market Coverage.** Our contractual agreements with NCM LLC’s founding members and network affiliates provide long-term exclusive access, subject to limited exceptions, to the largest network of digitally equipped theatres in the U.S. and allow us to sell advertising nationwide which we distribute using our advertising network. As of December 26, 2013:
 - our advertising network included 19,054 digital screens (15,932 operated by NCM LLC’s founding members) and 19,878 screens in total (16,562 operated by NCM LLC’s founding members) located in 1,576 theatres (1,242 operated by NCM LLC’s founding members) in 48 states and the District of Columbia;
 - the total annual advertising network theatre attendance was approximately 699.2 million (598.4 million from NCM LLC’s founding members), which increased 1.3% compared to 2012. Our network represented approximately 55% of the total U.S. theatre attendance, with some of the most modern and highly attended theatres in the industry, as measured by screens per location and attendance per screen;
 - the average screens per theatre in our network was 12.6 screens, 1.7 times the U.S. theatre industry average, and the aggregate annual attendance per screen of theatres included in our network during 2013 was 39,056, versus the U.S. theatre industry average attendance per indoor screen of 34,290, using metrics reported by the National Association of Theatre Owners (“NATO”);
 - our advertising network had theatres in the largest U.S. markets, including each of the top 25 DMAs®, 49 of the top 50 DMAs®, and 187 DMAs® in total;
 - approximately 73% of our screens (76% of our attendance) were located within the top 50 U.S. DMAs® and approximately 32% of our screens (38% of our attendance) were located within the top 10 U.S. DMAs®;

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- theatres within our advertising network represented approximately 68%, 67%, and 65% of the total theatre attendance in theatres that showed national advertising in the top 10, top 25 and top 50 U.S. DMAs[®], respectively and 62% for all DMAs[®], providing a very attractive platform for national advertisers who want exposure in larger markets or on a national basis and
- approximately 83% of our digital screens and approximately 90% of NCM LLC's founding member digital screens were connected to higher quality digital cinema projectors that will further improve the on-screen presentation for advertisers and allow us to display 3-D advertising in most of our network theatres.

We plan to continue to expand our network through the addition of new network affiliates and theatres built or acquired by our founding members and existing network affiliates. Under the terms of the ESAs and common unit adjustment agreement all new theatres built or acquired (subject to existing advertising sales agreements) by NCM LLC's founding members will become part of our network. This expansion will continue to improve our geographic coverage and enhance our ability to compete with other national advertising mediums. In late 2012 and in 2013, our founding members acquired 109 theatres (with 1,437 screens). These acquisitions expanded our network by 12 theatres (192 screens) as 97 theatres (with 1,245 screens) were operated by existing network affiliate theatre circuits. In addition, 14 acquired theatres with 223 screens will join our network when their advertising agreement with a competitor expires in November 2018.

- **Targeted, Flexible Advertising Medium.** Our digital network technology gives us flexibility to distribute content to specific theatres or screens, geographic regions, or demographic groups based on film title, film rating category or film genre. As a result, our clients can deliver a targeted advertising message, using high quality sight, sound and motion across our entire national digital network. Further, our technology provides distribution lead times that are comparable to television and reduces our advertising clients' operating costs, enabling us to respond quickly to client requests to change advertising content.
- **Access to a Highly Attractive Demographic Segment.** We offer advertisers the ability to reach young and affluent consumers. According to *Nielsen Cinema Audience Reports* for the first half of 2013, 47.0% of the NCM audience was between the ages of 12-34. Further, 40% of moviegoers have a household income greater than \$100,000 (vs. 25% of the U.S. population according to the 2013 Census) and 45% have received a Bachelor's degree or higher (vs. 30% of the U.S. Population according to the 2013 Census), according to the *GfK MRI 2010 TwelvePlus Study*. We believe that this demographic is highly coveted by advertisers and is far more effectively reached in cinema than in most traditional media platforms.
- **Engaged Theatre Audience.** We believe that cinema advertising benefits from the impact of the big screen, high quality visual presentation, and digital surround sound presented in an engaged, distraction-free theatre environment. Cinema advertising is one of the few media platforms in which the viewer does not have the ability to skip or turn off the marketing messages. According to industry studies, theatre advertising is more effective than advertising shown on television as measured by unaided recall rates. We believe that the impact of our on-screen advertising (representing 94% of our total advertising revenue) presentation will be further enhanced by the new high quality digital cinema equipment that has been installed in our network theatres.
- **Superior Audience Measurability.** We receive monthly attendance information by film, by rating and by screen for all of NCM LLC's founding member theatres and the theatres operated by our network affiliates, which allows us to report to clients the audience size for each showing of a film and our pre-show. We also obtain third-party research that provides us with the percentage of the total attendance that is in their seats at various times prior to the advertised show time. We believe that the sharing of this information with our national clients gives us a distinct competitive advantage over traditional media platforms that are based on significant extrapolations of a very small sample of the total audience.

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Since NCM Inc.'s February 2007 IPO, NCM LLC's founding members have added approximately 3,500 net new screens and 33 network affiliates have been added to our network with approximately 2,400 screens. During 2013 and thus far in 2014, we added seven new affiliate theatre circuits (with 303 screens) to our national network. In total, these contracted new affiliate theatres are expected to add approximately 8 million new attendees on a full-year pro-forma basis, which we expect will result in approximately 118 million new salable national advertising impressions (assuming 14 national advertising units of 30 seconds each). Our sales force integrates these additional impressions into the advertising sales process as they are added to our network and thus these attendees will provide the opportunity to expand our revenue, operating income and cash flow. We believe that the continued growth of our network will expand our national reach and geographic coverage to strengthen our selling proposition and competitive positioning versus other national and local video and other advertising platforms.

Scalable, State-of-the-Art Digital Content Distribution Technology

Our use of the combination of a satellite and terrestrial network technology, combined with the design and functionality of our DCS and NOC infrastructure make our network efficient and scalable and allow us to target specific audiences desired by our advertising clients and provide scheduling flexibility that is similar to advertising on television. Our proprietary DCS provides many distribution, scheduling, reporting and auditing features. We currently playback nearly 4 million digital content files per day through our DCS. Our DCS also provides the ability to program advertisements from our NOC as required by advertising clients, which shortens lead times and provides increased flexibility to change messages or target specific audiences for our advertising clients. Through our separate DBN, we currently distribute live programming to over 760 locations.

As of December 26, 2013, our advertising network had 19,054 digital screens, covering approximately 97% of our network attendance. In 2010, we began to connect our DCN to the higher quality digital cinema projectors being installed by NCM LLC's founding members and network affiliates. These digital cinema projectors provide a much higher quality 2-D image and the ability to project 3-D advertising on screens that are equipped with 3-D playback technology.

Our NOC, DCS and other network software also provide us with the capability to directly monitor over 78,900 in-theatre network devices and 503,000 maintenance alarm technology points within our theatre network on a near real-time 24/7 basis as of December 26, 2013, providing high network reliability and timely reporting as required by our advertising clients. The scalability of our NOC and distribution technology has allowed us to increase the number of devices and alarm points since our IPO with minimal additional capital expenditures or personnel, and we expect to benefit from this scalability in the future as we add new theatres operated by NCM LLC's founding members and from existing network affiliate relationships and the addition of new network affiliate circuits. In select theatres, we have installed a device that we created to monitor sound levels in theatre auditoriums and report any variations from pre-set standards to our NOC. This provides us with an additional value proposition for our advertising clients versus television, online, mobile and other competing national media networks.

Innovative, Branded Digital Pre-Feature Content

We believe that our digital entertainment and advertising pre-feature program, *FirstLook*, provides a high-quality entertainment experience for patrons and an effective marketing platform for advertisers. We have branded our pre-feature shows, *FirstLook*, to reinforce our goal of creating the "first release window" for advertising into the marketplace, similar to the way that films are released first in cinemas. We partner with leading media, entertainment and technology companies to provide more original content for the audience and more impact for the advertiser. We have designed the *FirstLook* programs with separate local and national "pods," consistent with the placement on television networks. During 2010, we began to produce a 3-D segment of *FirstLook*. We believe the ability to distribute 3-D advertisements across our national network is a unique selling proposition versus television, online and mobile and thus will enhance our national advertising revenue growth in the future.

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Our relationships with our content partners under exclusive multi-year contractual agreements provide high quality entertainment content that is dispersed throughout the show. The multi-year contracts with our content partners, our PSAs, and arrangements to satisfy NCM LLC's founding members' on-screen marketing obligations to their beverage concessionaires provide a significant up-front revenue commitment, accounting for approximately 31% of our total revenue for the year ended December 26, 2013. According to customer research conducted by us and independent research companies, the production of a higher quality branded pre-feature program improves the entertainment experience for patrons as well as the effectiveness of the advertising message.

Integrated Marketing Products

Along with our on-screen advertising opportunities, we offer advertisers the opportunity to integrate and reinforce their on-screen advertisements with various online and mobile marketing and in-lobby marketing.

- Our online and mobile marketing products include advertisement placement on our *firstlookonline.com*, *FathomEvents.com* (until its sale), and *movienightout.com* websites and on our *Movie Night Out* and *FirstLookSync* mobile apps, and throughout websites that are part of our online advertising network that as of December 26, 2013 includes 39 entertainment websites (including our 100% owned sites) with approximately 47 million monthly unique visitors.
- Our in-lobby marketing programs include advertisements displayed on our LEN high-definition television screens, posters, tickets, box office coupon handouts, popcorn bags and beverage cups and on-site product sampling opportunities. According to a *Nielsen* survey of moviegoers for the first half of 2013, movie patrons spend, on average, approximately nine minutes in the theatre lobby (before, during and after the last movie that they viewed in the theatre).
- Our chief creative officer, other creative personnel and our marketing team assist advertisers in creating entertaining, fully integrated online and cinema marketing campaigns with maximum impact.

Exposing patrons to an integrated marketing campaign of online, mobile, in-lobby and on-screen advertising creates a consistent marketing message through multiple touch points during the entire cinema experience. The marketing interaction for our clients begins when consumers choose a film or event online or on mobile devices and continues through the subsequent entertainment experience in the theatre, lobbies, and through marketing pre-shows prior to the feature film and extends beyond the theatre experience through subsequent online/mobile interaction. We believe these multiple marketing impressions through the entire entertainment experience allows our advertisers to extend the exposure for their brands and products and create a more engaging "relationship" with the consumer that is not available with broadcast or cable television or traditional display advertising.

Strong Operating Margins with Limited Capital Requirements

Our annual Adjusted OIBDA margins have been consistently strong, ranging from approximately 49% to 52% over the last five years. Refer to "Item 6. Selected Financial Data-Notes to the Selected Historical Financial and Operating Data" for a discussion of the calculation of Adjusted OIBDA margin and the reconciliation to consolidated net income. In addition, NCM LLC's founding members and their Digital Cinema Integration Partners, LLC ("DCIP") joint venture have invested substantial capital to deploy, expand and upgrade the network equipment within their theatres including the recent deployment of the higher quality digital cinema equipment. Due to the network equipment investments made by NCM LLC's founding members and DCIP joint venture in new and acquired theatres and the requirements in the ESAs to make future investments for equipment replacements, and the scalable nature of our NOC and other infrastructure, we do not expect to make major capital investments to grow our operations as our network of theatres expands. The combination of our strong operating margins and our limited capital expenditures, ranging from approximately 2% to 3% of revenues over the last five years, has allowed us to generate significant unlevered free cash flow (defined as operating income (or loss) before depreciation and amortization expense and minus capital expenditures) before distributions to

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NCM LLC's owners. For the year ended December 26, 2013, our capital expenditures were \$10.6 million, of which \$2.2 million related to investments in network equipment to add new network affiliate theatres and make improvements to our inventory management and other systems required to efficiently run and expand our business. We believe our expected level of unlevered free cash flow generation should provide us with the strategic and financial flexibility to pursue the further expansion of our national theatre network, invest in other growth opportunities and continue to make dividend payments to our stockholders.

Dividend Policy

Our dividend policy is described in "Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Dividend Policy".

Our Strategy

We believe that the digital evolution of the media business coupled with our unique asset base and management competencies will provide us with an opportunity to be a unique and powerful national and local advertising network that will gain market share within the broader advertising marketplace. Our primary strategic initiatives are to:

Expand and Improve the Quality of Our Theatre Network

Expanding our Geographic Coverage and National Reach. We continue to expand the reach and geographic coverage of our national digital network by connecting additional theatres to our network that NCM LLC's founding members buy or build and by establishing additional network affiliate agreements with other theatre circuits. The ESAs require that all of NCM LLC's founding members' new or acquired theatres be added to our network in return for the issuance of new NCM LLC units. Our strategy is to continue to expand our theatre network through the acquisition and new construction activities of NCM LLC's founding members and by creating new relationships with regionally located network affiliates with theatres in smaller markets where we do not currently have significant market coverage. By increasing our advertising reach and broadening our geographic coverage, we believe we will be better able to compete with other national media platforms such as television networks and new emerging advertising platforms distributed over the internet and on mobile devices.

Improving the Technical Quality and Content Presentation of Our Network. In 2010, we began the transition of our production and distribution capabilities to the new digital cinema platform, including the ability to distribute and display 3-D advertising and events. The industry rollout of the digital cinema equipment for feature films began in 2010 when the DCIP financing was completed by our three NCM LLC's founding members' theatre circuits. The DCIP deployment of digital cinema systems was essentially completed in our founding member theatres during 2013. These new systems not only provide higher quality 2-D images, they also give us the capability to provide 3-D advertising and 3-D live and pre-recorded events. In 2010, we launched our 3-D advertising strategy within the *FirstLook* pre-show and in 2011 began to roll-out the ability to distribute 3-D ads digitally across our network. As of December 26, 2013, 15,756 total screens (including network affiliates) within our digital network were connected to digital cinema projection equipment, representing approximately 79% of our network screens. In order to provide for the connection of the new higher quality digital cinema equipment to our network, we agreed to an amendment of the ESAs that increased NCM LLC's founding member theatre access fee as the digital cinema system is connected to our advertising network. In addition to the digital cinema integration, we and certain of our theatre partners have installed sound monitoring and other devices that capture sound levels in certain auditoriums which enables us to monitor sound electronically from our NOC or through communications with the circuit. This innovation provides sound level data that is measured at the point of consumer consumption, which is a unique service we offer to our advertisers. We are also continually upgrading our DCS distribution software to provide more effective targeting of advertisements toward specific theatre audiences.

Expand Our Advertising Client Base

National Advertising. We intend to increase our market share of U.S. advertising spending by increasing our advertising inventory utilization by creating expanded relationships with existing advertising clients and by broadening our advertising client base associated with new and existing client categories. Our national sales team has been successful in this effort, as during 2012 and 2013, we added 30 clients in each year that were first time clients or had not advertised with us since our IPO. These new clients included companies in the apparel, banking, cable television, computer hardware/software, confectionary, home audio/video equipment, import auto, insurance, internet, liquor, medical, movie studios, personal care, prepared foods, print media, restaurant, QSR, telecom, toys and transportation industries. Since 2009, we expanded our client base by approximately 71% to 376 national advertisers. Despite this growth, we believe there are still thousands of clients that currently advertise on television or the internet that do not use our network. For instance, our share of spending by clients in the QSR, consumer package goods (“CPG”) and retailer categories, among other categories, is relatively low compared to television. In addition to the continued expansion of our network, we are aggressively marketing and selling the positive attributes of our network relative to other mediums, including the fact that it is impossible to skip our ads or otherwise make them go away, while almost all other video advertising mediums have devices that allow consumers the ability to skip or turn off ads. We also offer various unique integrated marketing products that bundle our on-screen, in-theatre promotions, online/mobile and Fathom Events sponsorship platforms. Beginning in 2012, we also began to participate in the television up front process, including a presentation in New York City in early May during the “TV Up Front” week. This “up front strategy” has begun to yield positive results as it has increased our market awareness among media buyers and clients and raised our credibility as a powerful national advertising network allowing us to compete for upfront commitments traditionally made exclusively to cable and broadcast TV networks. We believe that over time, these tactics will help increase our market share of spending by more clients and client categories.

Local advertising. In addition to continuing to add high quality local salespeople to properly cover the expanding number of screens in our network, we have also continued to strengthen regional sales positions to focus exclusively on larger regional clients, such as car dealer associations, state agencies, insurance companies and QSR, that operate across an entire DMA®, multiple DMAs® or states. We have also begun to provide access to better *FirstLook* inventory for our regional advertising clients. These strategies have proven successful, and we are continuing to expand this regional strategy to other client categories, including casual dining, tourism, education, healthcare and retail. In 2014, we will also be expanding our local sales force to provide better coverage of certain theatres where inventory utilization was low. We aggressively market our local and regional advertising products, including direct marketing campaigns to businesses within a specified radius of our network theatres. These successful campaigns are often bundled with theatre lobby promotions and onscreen advertising. Due to the relatively low percentage of local advertising inventory sold today in many of our theatres, we believe that an opportunity exists to continue to expand our local and regional business. We have also benefited from our efforts to reduce local salesperson attrition, providing balanced commissions and benefit packages and training and other corporate support.

Expand Our Internet/Mobile Platform

Advertising clients are increasingly seeking new ways to create integrated marketing solutions across multiple digital platforms. By bundling our on-screen and in-theatre promotional marketing products with online and mobile inventory provided by the 39 entertainment websites (including our 100% owned consumer sites, *firstlookonline.com* and *movienightout.com*), our mobile apps *Movie Night Out* and *FirstLookSync* (formerly *CinemaSync*) that are part of our online advertising network, and the 118 entertainment websites and apps that are part of our video pre-roll network, we allow clients to benefit from a bundle of digital marketing products focused on the entertainment consumer. Our online advertising network, launched in 2009, and our *Movie Night Out* mobile app, launched in 2010, creates an entertainment focused advertising network that provides smaller entertainment websites access to our national and local sales force as well as rich media widgets and other content created by our media production group. As of December 26, 2013, our *Movie Night Out* and *FirstLookSync* mobile apps had nearly 2.2 million downloads. In mid-2013 we re-launched our mobile app

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FirstLookSync in order to allow our clients to use their on-screen ads to engage movie-goers through their smart phones. Once *FirstLookSync* is more widely distributed we expect it will provide a unique integrated marketing tool for our clients that can be bundled with our on-screen and lobby marketing products. During 2014, we will continue to work with our theatre partners and several movie related app publishers to integrate the *FirstLookSync* capabilities into their apps.

Intellectual Property Rights

We have been granted a perpetual, royalty-free license from NCM LLC's founding members to use certain proprietary software for the delivery of digital advertising and other content through our DCN to screens in the U.S. We have made improvements to this software since the IPO date and we own those improvements, except for improvements that were developed jointly by us and NCM LLC's founding members.

We have secured U.S. trademark registrations for NCM, National CineMedia, NCM Media Networks, and *Movie Night Out*. It is our practice to defend our trademarks and other intellectual property rights, including the associated goodwill, from infringement by others. We are aware that other persons or entities may use names and marks containing variations of our registered trademarks and other marks and trade names. Potentially, claims alleging infringement of intellectual property rights, such as trademark infringement, could be brought against us by the users of those other names and marks. If any such infringement claim were to prove successful in preventing us from either using or prohibiting a competitor's use of our registered trademarks or other marks or trade names, our ability to build brand identity could be negatively impacted.

Customers

Advertising Customers. Our advertising business has a diverse customer base, consisting of national and local advertisers. As of December 26, 2013, we had displayed advertising since 2006 with 376 national advertisers across a wide variety of industries. During the year ended December 26, 2013, we derived 69% of our advertising revenue from national clients (including advertising agencies that represent our clients), 10% from NCM LLC's founding members' beverage agreements and 21% from our relationships with thousands of local advertisers across the country (including advertising agencies that represent these clients).

Each of NCM LLC's founding members has a relationship with a beverage concessionaire under which they are obligated to provide on-screen advertising time as part of their agreement to purchase syrup. During 2013, we provided 60 seconds of on-screen advertising time to NCM LLC's founding members. The ESAs provide for NCM LLC's founding members to purchase this on-screen advertising time at a rate (intended to approximate a market rate) that is provided in the ESA. During 2013, the beverage concessionaire revenue was 8.9% of our total revenue.

Content Partners and PSAs. We have multi-year contractual relationships that provide entertainment content segments in the FirstLook program and minimum annual advertising spending commitments with several entertainment, media and technology companies. These agreements require that the content partners will provide non-commercial content segments that are entertaining, informative or educational in nature and will purchase a specified dollar amount of advertising at a specified CPM over a two-year period with options to renew, exercisable at the content partner's option. We also have exclusive PSAs reminding moviegoers to silence their cell phones and refrain from texting during feature films. During 2013, the total advertising purchased by these content partners and PSAs represented approximately 31% of our total revenues.

Competition

Our advertising business competes in the estimated \$153.5 billion U.S. advertising industry with many other forms of marketing media, including television, radio, print media, internet, mobile and outdoor display advertising. While cinema advertising represents a small portion of the advertising industry today, we believe it

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is well positioned to capitalize on the shift of advertising spending away from traditional mass media to more targeted and effective forms of digital media. As the number of digital media platforms continues to increase, the ability to target narrow consumer demographics, to engage directly with consumers and to provide measurable third-party marketing information has become increasingly important. We believe that proliferation of digital technology enabling improved data collection may increase advertisers' demand for digital advertising platforms including cinema. In addition, our network is well positioned to benefit from several broad market trends, most noticeably the increasing adoption of digital video recorders ("DVRs") and other new digital technology that allows consumers to skip advertisements. Cinema is one of the few media platforms where consumers cannot skip advertisements.

Through the visual quality and impact of the big screen and surround sound, we are able to display high impact advertising impressions to our audiences. According to *Nielsen Brand Effect* (formerly *Nielsen IAG*) *Research*, cinema advertising has generated ad recall up to four times greater than the same advertising shown on television. Given the scale and technical capabilities of our digital network, we are able to tailor our advertising programs with more flexibility and to a broader audience than other cinema advertising companies, providing a more entertaining consumer experience and a more effective advertising platform for advertisers. We also believe that as online and mobile video platforms expand with the proliferation of viewing devices, such as tablets, video programming will become more fragmented and the national reach and high quality presentation of our network will become more valuable to marketers.

Our advertising business also competes with other providers of cinema advertising, which vary substantially in size. As a large provider of cinema advertising in the U.S., we believe that we are able to generate economies of scale, operating efficiencies and enhanced opportunities for our clients to access a national and local audience as well as allowing us to better compete with television and other national advertising networks.

Employees

We have 606 employees as of December 26, 2013. Our employees are located in our Centennial, Colorado headquarters, in our advertising sales offices in New York, Los Angeles and Chicago, our software development office in Minneapolis and local advertising account executives and field maintenance technicians that work primarily from their homes throughout the U.S. None of our employees are covered by collective bargaining agreements. We believe that we have a good relationship with our employees.

Government Regulation

Currently, we are not subject to regulations specific to the sale and distribution of cinema advertising. We are subject to federal, state and local laws that govern businesses generally such as wage and hour and worker compensation laws.

Available Information

We maintain a website at www.ncm.com, on which we will post free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to these reports under the heading "Investor Relations" located at the bottom of the page as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC"). We also regularly post information about the Company on the Investor Relations page. We do not incorporate the information on our website into this document and you should not consider any information on, or that can be accessed through, our website as part of this document. You may read and copy any materials we file with the SEC at the Securities and Exchange Commission Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. The SEC also maintains a website that contains our reports and other information at www.sec.gov.

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Executive Officers of the Registrant

Shown below are the names, ages as of December 26, 2013 and current positions of our executive officers. There are no family relationships between any of the persons listed below, or between any of such persons and any of the directors of the Company or any persons nominated or chosen by the Company to become a director or executive officer of the Company.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Kurt C. Hall	54	President, Chief Executive Officer and Chairman
Clifford E. Marks	52	President of Sales and Marketing
Ralph E. Hardy	62	Executive Vice President and General Counsel
Earl B. Weihe (1)	65	Executive Vice President and Chief Operations Officer
David J. Oddo	46	Senior Vice President, Finance and Interim Co-Chief Financial Officer
Jeffrey T. Cabot	45	Senior Vice President, Controller and Interim Co-Chief Financial Officer

(1) On December 27, 2013, Mr. Weihe resigned from his position as Executive Vice President and Chief Operations Officer of the Company and will continue to serve in an advisory role with NCM LLC until his retirement. On December 27, 2013, Alfonso P. Rosabal, Jr. was appointed Executive Vice President, Chief Operations Officer and Chief Technology Officer.

Kurt C. Hall. Mr. Hall was appointed President, Chief Executive Officer and Chairman of NCM, Inc. in February 2007 and held those same positions with NCM LLC since formation in March 2005. He has also served as Chairman, President and Chief Executive Officer of NCM, Inc. since formation in October 2006. Prior to his current position, from May 2002 to May 2005, Mr. Hall served as Co-Chairman and Co-Chief Executive Officer of Regal Entertainment Group and President and Chief Executive Officer of its media subsidiary Regal CineMedia Corporation. From 1988 to 2005, Mr. Hall has held various executive positions with United Artists Theatre Company, and its predecessor companies, including Chief Financial Officer and then Chief Executive Officer when it became part of Regal Entertainment Group in 2002.

Clifford E. Marks. Mr. Marks was appointed NCM, Inc.'s President of Sales and Marketing in February 2007 and held those same positions with NCM LLC since March 2005. He has been an advertising, marketing and sales professional for 25 years. Prior to his current position, Mr. Marks served as president of sales and marketing with Regal Entertainment Group's media subsidiary, Regal CineMedia Corporation, from May 2002 to May 2005. Before joining Regal CineMedia, Mr. Marks was a senior vice president at ESPN/ABC Sports where he oversaw its advertising sales organization from 1998 to May 2002.

Ralph E. Hardy. Mr. Hardy was appointed Executive Vice President and General Counsel of NCM, Inc. in February 2007 and held those same positions with NCM LLC since March 2005. Prior to his current position, from May 2002 to May 2005, Mr. Hardy served as Executive Vice President and General Counsel for Regal CineMedia Corporation. From 1989 to 2005, Mr. Hardy has held various legal executive positions with United Artists Theatre Company and its predecessors.

Earl B. Weihe. Mr. Weihe was appointed as Executive Vice President and Chief Operations Officer of NCM, Inc. in January 2010. Prior to this appointment, Mr. Weihe served as Senior Vice President of Operations for NCM LLC since July 2005. From his original hire in March 2002 until July 2005, Mr. Weihe served as Vice President of Operations for NCM LLC and its predecessor, Regal CineMedia Corporation.

David J. Oddo. Mr. Oddo was appointed Interim Co-Chief Financial Officer (principal financial officer) in March 2013. Mr. Oddo has served as NCM LLC's Senior Vice President, Finance since August 2013. Prior to this role, Mr. Oddo served as Vice President, Finance since January 2009. From 1991 to 2009, Mr. Oddo has held various internal audit, accounting and finance positions with United Artists Theatre Company, Regal CineMedia Corporation and NCM LLC.

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Jeffrey T. Cabot. Mr. Cabot was appointed Interim Co-Chief Financial Officer (principal accounting officer) in March 2013. Mr. Cabot has served as NCM LLC's Senior Vice President, Controller since January 2012. Prior to joining NCM LLC, Mr. Cabot served in an international accounting role at Molycorp, Inc., a rare earth and rare metals company, from May 2011 to December 2011. From April 2008 to August 2010, Mr. Cabot served as Director of Finance for Liberty Global Japan, the largest cable operator in Japan and a subsidiary of Liberty Global Inc.

Alfonso P. Rosabal, Jr. Mr. Rosabal, 43, was appointed the Company's Executive Vice President, Chief Operations Officer and Chief Technology Officer on December 27, 2013. Prior to this appointment, Mr. Rosabal served as Executive Vice President and Chief Technology Officer for NCM LLC since May 2010. Prior to joining NCM LLC, Mr. Rosabal served as Chief Technology Officer for the City of Denver from November 2007 to May 2010 where he oversaw technology operations. Mr. Rosabal has been a technology and operations executive for over 20 years and his previous experience includes positions with Nextel Communications, WPP and Ford Motor Company subsidiaries, IBM and the Department of Defense.

Item 1A. Risk Factors

Ownership of the common stock of the Company involves certain risks. Holders of the Company's securities and prospective investors should consider carefully the following risks and other information in this document, including our historical financial statements and related notes included herein. The risks and uncertainties described in this document are not the only ones facing us. If any of the risks and uncertainties described in this document actually occur, our business, financial condition and results of operations could be adversely affected in a material way. This could cause the trading price of our common stock to decline, perhaps significantly, and you may lose part or all of your investment.

Risks Related to Our Business and Industry

Changes in the ESAs with, or lack of support by, NCM LLC's founding members could adversely affect our revenue, growth and profitability

The ESAs with NCM LLC's founding members are critical to our business. The three ESAs each have an initial term of 30 years beginning February 13, 2007 and provide us with a five-year right of first refusal, which begins one year prior to the end of the term of the ESA on February 13, 2037. In connection with the Fathom sale on December 26, 2013, the ESAs were modified to remove those provisions addressing the rights and obligations related to digital programming services of the Fathom Events business unit. NCM LLC's founding members' theatres represent approximately 83.3% of the screens and approximately 85.6% of the attendance in our network as of December 26, 2013. If any one of the ESAs was terminated, not renewed at its expiration or found to be unenforceable, it would have a material adverse effect on our revenue, profitability and financial condition.

The ESAs require the cooperation, investment and support of NCM LLC's founding members, the absence of which could adversely affect us. Pursuant to the ESAs, NCM LLC's founding members must make investments to replace digital network equipment within their theatres and equip newly constructed theatres with digital network equipment. If NCM LLC's founding members do not have adequate financial resources or operational strength, and if they do not replace equipment or equip new theatres to maintain the level of operating functionality that we have today, or if such equipment becomes obsolete, we may have to make additional capital expenditures or our advertising revenue and operating margins may decline.

If the non-competition provisions of the ESAs are deemed unenforceable, NCM LLC's founding members could compete against us and our business could be adversely affected

With certain limited exceptions, each of the ESAs prohibits the applicable NCM LLC founding member from engaging in any of the business activities that we provide in NCM LLC's founding member's theatres under

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the ESA, and from owning interests in other entities that compete with us. These provisions are intended to prevent NCM LLC's founding members from harming our business by providing cinema advertising services directly to their theatres or by entering into agreements with third-party cinema advertising providers. However, under state and federal law, a court may determine that a non-competition covenant is unenforceable, in whole or in part, for reasons including, but not limited to, the court's determination that the covenant:

- is not necessary to protect a legitimate business interest of the party seeking enforcement;
- unreasonably restrains the party against whom enforcement is sought; or
- is contrary to the public interest.

Enforceability of a non-competition covenant is determined by a court based on all of the facts and circumstances of the specific case at the time enforcement is sought. For this reason, it is not possible for us to predict whether, or to what extent, a court would enforce the non-competition provisions contained in the ESAs. If a court were to determine that the non-competition provisions are unenforceable, NCM LLC's founding members could compete directly against us or enter into an agreement with another cinema advertising provider that competes against us. Any inability to enforce the non-competition provisions, in whole or in part could cause our revenue to decline.

Because we rely heavily on NCM LLC's founding members' and our network affiliates' ability to attract customers, any reduction in attendance at NCM LLC network theatres could reduce our revenue.

Our business is affected by the success of NCM LLC's founding members and to a lesser extent our network affiliates, who operate in a highly competitive industry whose attendance is reliant on the presence of motion pictures that attract audiences. From the late 1990s through 2002, the number of movie screens and the level of theatre attendance in the U.S. increased substantially, as movie theatres began to offer new amenities such as stadium seating, improved projection quality and superior sound systems, and studios began to increase the number of motion pictures produced and increased the budgets to market those films. Despite the record box office results in 2012 and 2013, annual theatre attendance has fluctuated over the last several years depending on the quality of motion pictures released by the major and independent studios. Over the last 20 years theatre attendance has fluctuated from year to year but on average has grown by an aggregate annual rate of approximately 1%. If future theatre attendance declines significantly over an extended time period, one or more of NCM LLC's founding members or network affiliates may face financial difficulties and could be forced to sell or close theatres or reduce the number of screens it builds or upgrades. Attendance may also decline if NCM LLC's founding members fail to maintain their theatres and provide amenities that consumers prefer, if they cannot compete successfully on pricing or if studios begin to reduce their investments in feature films or reduce the investments made to market those films. NCM LLC's network theatre circuits also may not successfully compete for licenses to exhibit quality films and are not assured a consistent supply of motion pictures since they do not have long-term arrangements with major film distributors. Any of these circumstances could reduce our revenue because our national advertising revenue, and local advertising to a lesser extent, depends on the number of theatre patrons who view our advertising and pre-feature show.

If one of NCM LLC's founding members declared bankruptcy, the ESA with that NCM LLC founding member may be rejected, renegotiated or deemed unenforceable

Each of NCM LLC's founding members currently has a significant amount of indebtedness, which is below investment grade. In 2000 and 2001, several major motion picture exhibition companies filed for bankruptcy including United Artists, Edwards Theatres and Regal Cinemas (which are predecessor companies to Regal), and General Cinemas and Loews Cineplex (which are predecessor companies to AMC). The industry-wide construction of larger, more expensive megaplexes featuring stadium seating in the late 1990s that rendered existing, smaller, sloped-floor theatres under long-term leases obsolete and unprofitable, were significant contributing factors to these bankruptcies. If a bankruptcy case were commenced by or against an NCM LLC

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founding member, it is possible that all or part of the ESA with that NCM LLC founding member could be rejected by a trustee in the bankruptcy case pursuant to Section 365 or Section 1123 of the United States Bankruptcy Code, or by the NCM LLC founding member, and thus not be enforceable. Alternatively, the NCM LLC founding member could seek to renegotiate the ESA in a manner less favorable to us than the existing agreement. Should the NCM LLC founding member seek to sell or otherwise dispose of theatres or remove theatres from our network through bankruptcy or for other business reasons, if the acquirer did not agree to continue to allow us to sell advertising in the acquired theatres the number of theatres in our advertising networks would be reduced which in turn would reduce the number of advertising impressions available to us and thus could reduce our advertising revenue.

Economic uncertainty or deterioration in economic conditions may adversely impact our business, operating results or financial condition

The financial markets have experienced extreme disruption and certain parts of the world-wide economy remains fragile. A future decline in consumer confidence in the U.S. due to future economic disruptions may lead to decreased demand or delay in payments by our advertising customers. As a result, our results of operations and financial condition could be adversely affected. These challenging economic conditions also may result in:

- increased competition for fewer advertising and entertainment programming dollars;
- pricing pressure that may adversely affect revenue and gross margin;
- reduced credit availability and/or access to capital markets;
- difficulty forecasting, budgeting and planning due to limited visibility into the spending plans of current or prospective customers; or
- customer financial difficulty and increased risk of doubtful accounts receivable.

The markets for advertising are competitive and we may be unable to compete successfully

The market for advertising is very competitive. Cinema advertising is a small component of the overall U.S. advertising market and thus we must compete with established, larger and better known national and local media platforms such as cable, broadcast and satellite television networks and newly emerging media platforms including on the internet and mobile such as online video services. We compete for advertising directly with all media platforms, including radio and television broadcasting, cable and satellite television services, various local print media, billboards and internet and mobile platforms and with other cinema advertising companies. We expect these competitors to devote significant effort to maintaining and growing their respective market shares. We also expect existing competitors and new entrants to the advertising business to constantly revise and improve their business models in light of challenges from us or competing media platforms. If we cannot respond effectively to advances by our competitors, our business may be adversely affected.

Significant declines in theatre attendance could reduce the attractiveness of cinema advertising

The value of our advertising business could be adversely affected by a long-term multi-year decline in theatre attendance or even the perception by media buyers that our network was no longer relevant to their marketing plan due to the decreases in attendance and geographic coverage. Factors that could reduce attendance at our network theatres include the following:

- the shortening of the “release window” between the release of major motion pictures in the theatres and release to alternative methods for delivering movies to consumers, such as DVD or HD DVD, cable television, downloads via downloads on the internet, video discs, video on demand, satellite and pay-per-view services;
- any reduction in consumer confidence or disposable income in general that reduces the demand for motion pictures or adversely affects the motion picture production industry; and

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- the success of first-run motion pictures, which depends upon the production and marketing efforts of the major studios and the attractiveness and value proposition of the movies to consumers compared to other forms of entertainment.

The loss of any major content partner or advertising customer could significantly reduce our revenue

We derive a significant portion of our revenue from our contracts with our content partners, PSAs and NCM LLC's founding members' agreements to purchase on-screen advertising for their beverage concessionaires. We currently have marketing relationships with eight content partners. None of these companies individually accounted for over 10% of our total revenue during the year ended December 26, 2013. However, the agreements with the content partners, PSAs and beverage advertising with NCM LLC's founding members in aggregate accounted for approximately 31%, 28% and 31% of our total revenue during the years ended December 26, 2013, December 27, 2012 and December 29, 2011, respectively. Because we derive a significant percentage of our total revenue from a relatively small number of large companies, the loss of one or more of them as a customer could decrease our revenue and adversely affect current and future operating results.

We generate a high percentage of our revenue and OIBDA from advertising, and the reduction in spending by or loss of advertisers could have a serious adverse effect on our business

We generated approximately 92.1% of our total revenue in the year ended December 26, 2013 from advertising sales (78.9% from national and 21.1% from local). Subsequent to the sale of our Fathom business on December 26, 2013, we expect 100% of our revenue to be derived from our advertising business. A substantial portion of our advertising inventory is covered by contracts with terms of a month or less. Advertisers will not continue to do business with us if they believe our advertising medium is ineffective or overly expensive. In addition, large advertisers generally have set advertising budgets, most of which are focused on traditional media platforms like television and recently the online and mobile networks. Reductions in the size of advertisers' budgets due to local or national economic trends, a shift in spending to new advertising mediums like the internet and mobile platforms or other factors could result in lower spending on cinema advertising. If we are unable to remain competitive and provide value to our advertising clients, they may reduce their advertising purchases or stop placing advertisements with us, which would negatively affect our revenue and ability to generate new business from advertising clients.

If we do not maintain our technological advantage, our business could fail to grow and revenue and operating margins could decline

Failure to successfully or cost-effectively implement upgrades to our in-theatre advertising network could limit our ability to offer our clients innovative unique and integrated marketing products, which could limit our future revenue growth. Other advertising platforms may adopt new technology, and failure by us to upgrade our technology to remain competitive could hurt our ability to compete with those companies. Under the terms of the ESAs with NCM LLC's founding members, they are required to provide technology that is consistent with that in place at the signing of the ESA. We may request that NCM LLC's founding members upgrade the equipment or software installed in their theatres, but we must negotiate with NCM LLC's founding members as to the terms of such upgrade, including cost sharing terms, if any. For instance, during 2010 we entered into an amendment to the ESA to allow us to connect our digital network to NCM LLC's founding members' new digital cinema projection systems so that we could display our advertising (including 3-D) on the higher quality systems. As of December 26, 2013 we had 15,756 screens within our network that were connected to digital cinema projection equipment and expect approximately 17,400 screens, or 87% of our total screens and approximately 16,000 screens, or 96%, of NCM LLC's founding members' screens to be deployed with digital cinema equipment by the end of 2014. If we are not able to come to an agreement on a future upgrade request, we may elect to pay for the upgrades requested which could result in our incurring significant capital expenditures, which could adversely affect our results of operations. In addition, the failure or delay in implementation of such upgrades or problems with the integration of our systems and software could slow or prevent the growth of our business.

Our business relies heavily on our technology systems, and any failures or disruptions may materially and adversely affect our operations

In the conduct of our business, we rely on information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information and manage and support a variety of business processes and activities. The temporary or permanent loss of our computer equipment and software systems, through cyber and other security threats, operating malfunction, software virus, human error, natural disaster, power loss, terrorist attacks, or other catastrophic events, could disrupt our operations and cause a material adverse impact. These problems may arise in both internally developed systems and the systems of third-party service providers. We devote significant resources to network security and other measures to protect our network from unauthorized access and misuse. However, depending on the nature and scope of a disruption, if our technology systems were to fail and we were unable to recover in a timely way, we would be unable to fulfill critical business functions, which could lead to a loss of customers and could harm our reputation. Technological breakdown could also interfere with our ability to comply with financial reporting and other regulatory requirements.

Our business and operations have experienced growth, and we may be unable to effectively manage or continue our growth of our network and advertising inventory

We have experienced, and may continue to experience, growth in our headcount and operations, which has placed, and could continue to place, significant demands on our management and operational infrastructure. If we do not effectively manage our growth, the quality of our services could suffer which could negatively affect our brand and our relationships with our current advertising clients. Additionally, we may not be able to continue to expand our network and our advertising inventory which could negatively affect our ability to add new advertising clients. To effectively manage this growth and continue to expand our network and inventory, we will need to continue to improve our DCS software and our internal management systems, including our advertising inventory optimization system which we are currently upgrading and expect to launch during 2014. These enhancements and improvements could require an additional allocation of financial and management resources. If the improvements are not implemented successfully in a timely manner, our ability to manage our limited advertising inventory, create more audience targeting capabilities for our clients and continue our growth in the future will be impaired and we may have to make significant additional expenditures to address these issues.

Our plans for developing additional revenue opportunities may not be implemented, may require substantial expenditures and may not be achieved

In addition to our strategy to grow our advertising business, we are also considering other potential opportunities for revenue growth, which we describe in “Business—Our Strategy—Expand our Internet/Mobile Platform.” The development of our online and mobile advertising network and mobile apps and the integration of these marketing products with our core on-screen and theatre lobby production is at an early stage, and may not deliver future benefits that we are expecting. Should these networks not continue to grow in importance to advertising clients and agencies, they may not provide a way to help expand our cinema advertising business as it matures and begins to compete with new or improved advertising platforms including online and mobile video services.

We depend upon our senior management and our business may be adversely affected if we cannot retain or replace them

Our success depends upon the retention of our experienced senior management with specialized industry, sales and technical knowledge and/or industry relationships. During 2013, our Chief Financial Officer resigned and our SVP, Finance and SVP, Controller assumed Interim Co- Chief Financial Officer duties. If we cannot find a qualified permanent replacement or if other critical members of our senior management team leave, we might not be able to find qualified replacements; accordingly, the loss of critical members of our senior management

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team could have a material adverse effect on our ability to effectively pursue our business strategy and our relationships with advertisers and content partners. We do not have key-man life insurance covering any of our employees.

Our business, services, or technology may infringe on intellectual property rights owned by others, which may interfere with our ability to provide services or expose us to increased liability or expense

Intellectual property rights of our business include the copyrights, trademarks, trade secrets and patents of our in-theatre, online, and mobile services, including the websites we operate at *ncm.com*, *movienightout.com* and *firstlookonline.com* and the features, our mobile apps *FirstLookSync*[™] and *Movie Night Out*[®], and the functionality, content, and software we make available through those websites and apps. We rely on our own intellectual property rights as well as intellectual property rights obtained from third parties to conduct our business and provide our in-theatre, online, and mobile services. We may discover that our business or the technology we use to provide our in-theatre, online, or mobile services infringes patent, copyright, or other intellectual property rights owned by others. In addition, our competitors or others may claim rights in patents, copyrights, or other intellectual property rights that will prevent, limit or interfere with our ability to provide our in-theatre, online, or mobile services either in the U.S. or in international markets. Further, the laws of certain foreign countries may not protect our intellectual property rights to the same extent as do the laws of the U.S.

The content we distribute through our in-theatre, online or mobile services may expose us to liability

Our in-theatre, online, and mobile services facilitate the distribution of content. This content includes advertising-related content, as well as movie and television content, music and other media, much of which is obtained from third parties. Our websites also include features enabling users to upload or add their own content to the websites and modify certain content on the websites. As a distributor of content, we face potential liability for negligence, copyright, patent or trademark infringement, or other claims based on the content that we distribute. We or entities that we license content from may not be adequately insured or indemnified to cover claims of these types or liability that may be imposed on us.

The personal information we collect and maintain through our online and mobile services may expose us to liability

In order to take advantage of some of the online and mobile services we provide users are required to establish an account on one of our websites. As a result, we will collect and maintain personal information about those users. We also collect and maintain personal information about users who view certain advertising displayed through our online and mobile services. Our collection and use of information regarding users of our online and mobile services could result in legal liability. For example, the failure, or perceived failure, to comply with federal, state or international privacy or consumer protection-related laws or regulations or our posted privacy policies could result in actions against us by governmental entities or others.

Changes in regulations relating to the Internet or other areas of our online or mobile services may result in the need to alter our business practices or incur greater operating expenses

A number of regulations, including those referenced below, may impact our business as a result of our online or mobile services. The Digital Millennium Copyright Act has provisions that limit, but do not necessarily eliminate, liability for posting, or linking to third-party websites that include materials that infringe copyrights or other rights. Portions of the Communications Decency Act are intended to provide statutory protections to online service providers who distribute third-party content. The Child Online Protection Act and the Children's Online Privacy Protection Act restrict the distribution of materials considered harmful to children and impose additional restrictions on the ability of online services to collect information from minors. Additionally, there is an increasing awareness and concern regarding privacy interests, which may result in new or amended regulations. The costs of compliance with these regulations, and other regulations relating to our online and mobile services

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or other areas of our business, may be significant. The manner in which these and other regulations may be interpreted or enforced may subject us to potential liability, which in turn could have an adverse effect on our business, results of operations, or financial condition. Changes to these and other regulations may impose additional burdens on us or otherwise adversely affect our business and financial results because of, for example, increased costs relating to legal compliance, defense against adverse claims or damages, or the reduction or elimination of features, functionality or content from our online or mobile services. Likewise, any failure on our part to comply with these and other regulations may subject us to additional liabilities.

Our revenue and Adjusted OIBDA fluctuate from quarter to quarter and may be unpredictable, which could increase the volatility of our stock price

A weak advertising market or the shift in spending of a major client from one quarter to another, the poor performance of films released in a given quarter, a disruption in the release schedule of films or changes in the television scatter market could significantly affect quarter-to-quarter results or even affect results for the entire fiscal year. Because our results may vary from quarter to quarter and may be unpredictable, our financial results for one quarter cannot necessarily be compared to another quarter and may not be indicative of our financial performance in subsequent quarters. These variations in our financial results could contribute to volatility in our stock price.

The ESAs allow the founding members to engage in activities that might compete with certain elements of our business, which could reduce our revenue and growth potential

The ESAs contain certain limited exceptions to our exclusive right to use the founding members' theatres for our advertising business. The founding members have the right to enter into a limited number of strategic cross-marketing relationships with third-party, unaffiliated businesses for the purpose of generating increased attendance or revenue (other than revenue from the sale of advertising). These strategic marketing relationships can include the use of one minute on the LEN and certain types of lobby promotions and can be provided at no cost, but only for the purpose of promoting the products or services of those businesses while at the same time promoting the theatre circuit or the movie-going experience. The use of LEN or lobby promotions by NCM LLC's founding members for these advertisements and programs could result in the founding members creating relationships with advertisers that could adversely affect our current LEN and lobby promotions advertising revenue and profitability as well as the potential we have to grow that advertising revenue in the future. The LEN and lobby promotions represented 4.7% of our total advertising revenue for the year ended December 26, 2013. The founding members do not have the right to use their movie screens (including the *FirstLook* program or otherwise) for promoting these cross-marketing relationships, and thus we will have the exclusive rights to advertise on the movie screens, except for limited advertising related to theatre operations.

The founding members also have the right to install a second network of video monitors in the theatre lobbies in excess of those required to be installed by the founding members for the LEN. This additional lobby video network, which we refer to as the founders' lobby network, may be used by the founding members to promote products or services related to operating the theatres, such as concessions and loyalty programs. The presence of the founders' lobby network within the lobby areas could reduce the effectiveness of our LEN, thereby reducing our current LEN advertising revenue and profitability and adversely affecting future revenue potential associated with that marketing platform.

Risks Related to Our Corporate Structure

We are a holding company with no operations of our own, and we depend on distributions and payments under the NCM LLC operating and management services agreements from NCM LLC to meet our ongoing obligations and to pay cash dividends on our common stock

We are a holding company with no operations of our own and have no independent ability to generate cash flow other than interest income on cash balances. Consequently, our ability to obtain operating funds primarily

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depends upon distributions from NCM LLC. The distribution of cash flows and other transfers of funds by NCM LLC to us are subject to statutory and contractual restrictions based upon NCM LLC's financial performance, including NCM LLC's compliance with the covenants in its senior secured credit facility and indentures, and the NCM LLC operating agreement. The NCM LLC senior secured credit facility and indentures limit NCM LLC's ability to distribute cash to its members, including us, based upon certain leverage tests, with exceptions for, among other things, payment of our income taxes and a management fee to NCM, Inc. pursuant to the terms of the management services agreement (incorporated in the ESA). Refer to the information provided under Note 10 to the audited Consolidated Financial Statements included elsewhere in this document for leverage discussion. Once the NCM, Inc. cash balances and investments are extinguished, we will be unable to pay dividends to our stockholders or pay other expenses outside the ordinary course of business if NCM LLC fails to comply with these covenants and is unable to distribute cash to us quarterly.

Pursuant to the management services agreement between us and NCM LLC, NCM LLC makes payments to us to fund our day-to-day operating expenses, such as payroll. However, if NCM LLC has insufficient cash flow to make the payments pursuant to the management services agreement, we may be unable to cover these expenses.

As a member of NCM LLC, we incur income taxes on our proportionate share of any net taxable income of NCM LLC. We have structured the NCM LLC senior secured credit facility and indentures to allow NCM LLC to distribute cash to its members (including us and NCM LLC's founding members) in amounts sufficient to cover their tax liabilities and management fees, if any. To the extent that NCM LLC has insufficient cash flow to make such payments, it could have a material adverse effect on our business, financial condition, results of operations or prospects.

NCM LLC's substantial debt obligations could impair our financial condition or prevent us from achieving our business goals

NCM LLC is party to substantial debt obligations. The senior secured credit facility and indentures contain restrictive covenants that limit NCM LLC's ability to take specified actions and prescribe minimum financial maintenance requirements that NCM LLC must meet. Because NCM LLC is our only operating subsidiary, complying with these restrictions may prevent NCM LLC from taking actions that we believe would help us to grow our business. For example, NCM LLC may be unable to make acquisitions, investments or capital expenditures as a result of such covenants. Moreover, if NCM LLC violates those restrictive covenants or fails to meet the minimum financial requirements, it would be in default, which could, in turn, result in defaults under other obligations of NCM LLC. Any such defaults could materially impair our financial condition and liquidity. For further information, refer to Note 10 to the audited Consolidated Financial Statements included elsewhere in this document.

If NCM LLC is unable to meet its debt service obligations, it could be forced to restructure or refinance the obligations, seek additional equity financing or sell assets. We may be unable to restructure or refinance these obligations, obtain additional equity financing or sell assets on satisfactory terms or at all. In addition, NCM LLC's indebtedness could have other negative consequences for us, including without limitation:

- limiting NCM LLC's ability to obtain financing in the future;
- requiring much of NCM LLC's cash flow to be dedicated to interest obligations and making it unavailable for other purposes, including payments to its members (including NCM, Inc.);
- limiting NCM LLC's liquidity and operational flexibility in changing economic, business and competitive conditions which could require NCM LLC to consider deferring planned capital expenditures, reducing discretionary spending, selling assets, restructuring existing debt or deferring acquisitions or other strategic opportunities; and
- making NCM LLC more vulnerable to an increase in interest rates, a downturn in our operating performance or decline in general economic conditions.

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Despite NCM LLC's current levels of debt, it or NCM, Inc. may still incur substantially more debt, including secured debt, which would increase the risks associated with NCM LLC's level of debt

The agreements relating to NCM LLC's debt, including the Senior Unsecured Notes, Senior Secured Notes and the senior secured credit facility, limit but do not prohibit NCM LLC's ability to incur additional debt, and do not place any restrictions on NCM, Inc.'s ability to incur debt. Accordingly, NCM, Inc. or NCM LLC could incur additional debt in the future, including additional debt under the senior secured credit facility, additional senior or senior subordinated notes and additional secured debt. If new debt is added to current debt levels, the related risks that we now face, including those described above under "—NCM LLC's substantial debt obligations could impair our financial condition or prevent us from achieving our business goals," could intensify.

NCM LLC's founding members or their affiliates may have interests that differ from those of our public stockholders and they may be able to influence our affairs

So long as an NCM LLC founding member beneficially owns at least 5% of NCM LLC's issued and outstanding common membership units, approval of at least 90% of the directors then in office (provided that if the board has less than ten directors, then the approval of at least 80% of the directors then in office) will be required before we may take any of the following actions or we, in our capacity as manager of NCM LLC, may authorize NCM LLC to take any of the following actions:

- assign, transfer, sell or pledge all or a portion of the membership units of NCM LLC beneficially owned by NCM, Inc.;
- acquire, dispose, lease or license assets with an aggregate value exceeding 20% of the fair market value of the business of NCM LLC operating as a going concern;
- merge, reorganize, recapitalize, reclassify, consolidate, dissolve, liquidate or enter into a similar transaction;
- incur any funded indebtedness or repay, before due, any funded indebtedness with a fixed term in an aggregate amount in excess of \$15.0 million per year;
- issue, grant or sell shares of NCM, Inc. common stock, preferred stock or rights with respect to common or preferred stock, or NCM LLC membership units or rights with respect to membership units, except under specified circumstances;
- amend, modify, restate or repeal any provision of NCM, Inc.'s certificate of incorporation or bylaws or the NCM LLC operating agreement;
- enter into, modify or terminate certain material contracts not in the ordinary course of business as defined under applicable securities laws;
- except as specifically set forth in the NCM LLC operating agreement, declare, set aside or pay any redemption of, or dividends with respect to membership interests;
- amend any material terms or provisions (as defined in the NASDAQ rules) of NCM, Inc.'s equity incentive plan or enter into any new equity incentive compensation plan;
- make any change in the current business purpose of NCM, Inc. to serve solely as the manager of NCM LLC or any change in the current business purpose of NCM LLC to provide the services as set forth in the ESAs; and
- approve any actions relating to NCM LLC that could reasonably be expected to have a material adverse tax effect on NCM LLC's founding members.

Pursuant to a director designation agreement, so long as an NCM LLC founding member owns at least 5% of NCM LLC's issued and outstanding common membership units, such NCM LLC founding member will have

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the right to designate a total of two nominees to our ten-member board of directors who will be voted upon by our stockholders. One such designee by each NCM LLC founding member must meet the independence requirements of the stock exchange on which our common stock is listed. If, at any time, any NCM LLC founding member owns less than 5% of NCM LLC's then issued and outstanding common membership units, then such NCM LLC founding member shall cease to have any rights of designation.

If any director designee to our board designated by NCM LLC's founding members is not appointed to our board, nominated by us or elected by our stockholders, as applicable, then each of NCM LLC's founding members (so long as such NCM LLC founding member continues to own 5% of NCM LLC's issued and outstanding common membership units) will be entitled to approve specified actions of NCM LLC.

For purposes of calculating the 5% ownership threshold for the supermajority director approval rights and director designation agreement provisions discussed above, shares of our common stock held by a founding member and received upon redemption of NCM LLC common membership units will be counted toward the threshold. Common membership units issued to NCM, Inc. in connection with the redemption of common membership units by an NCM LLC founding member will be excluded, so long as such NCM LLC founding member continues to hold the common stock acquired through such redemption or such NCM LLC founding member has disposed of such shares of common stock to another NCM LLC founding member. Shares of our common stock otherwise acquired by NCM LLC's founding members will also be excluded, unless such shares of common stock were transferred by one NCM LLC founding member to another and were originally received by the transferring NCM LLC founding member upon redemption of NCM LLC common membership units.

Under these circumstances, our corporate governance documents will allow NCM LLC's founding members and their affiliates to exercise a greater degree of influence in the operation of our business and that of NCM LLC and the management of our affairs and those of NCM LLC than is typically available to stockholders of a publicly-traded company. Even if NCM LLC's founding members or their affiliates own a minority economic interest (but not less than 5%) in NCM LLC, they may be able to continue exerting such degree of influence over us and NCM LLC.

Different interests among NCM LLC's founding members or between NCM LLC's founding members and us could prevent us from achieving our business goals

For the foreseeable future, we expect that our board of directors will include directors and executive officers of NCM LLC's founding members and other directors who may have commercial or other relationships with NCM LLC's founding members. The majority of NCM LLC's outstanding membership interests also are owned by NCM LLC's founding members. NCM LLC's founding members compete with each other in the operation of their respective businesses and could have individual business interests that may conflict with those of the other founding members. Their differing interests could make it difficult for us to pursue strategic initiatives that require consensus among NCM LLC's founding members.

In addition, the structural relationship we have with NCM LLC's founding members could create conflicts of interest among NCM LLC's founding members, or between NCM LLC's founding members and us, in a number of areas relating to our past and ongoing relationships. There is not any formal dispute resolution procedure in place to resolve conflicts between us and an NCM LLC founding member or between NCM LLC founding members. We may not be able to resolve any potential conflicts between us and an NCM LLC founding member and, even if we do, the resolution may be less favorable to us than if we were negotiating with an unaffiliated party.

The corporate opportunity provisions in our certificate of incorporation could enable NCM LLC's founding members to benefit from corporate opportunities that might otherwise be available to us

Our certificate of incorporation contains provisions related to corporate opportunities that may be of interest to both NCM LLC's founding members and us. It provides that if a corporate opportunity is offered to us, NCM

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LLC or one or more of the officers, directors or stockholders (both direct and indirect) of NCM, Inc. or a member of NCM LLC that relates to the provision of services to motion picture theatres, use of theatres for any purpose, sale of advertising and promotional services in and around theatres and any other business related to the motion picture theatre business (except services as provided in the ESAs as from time to time amended and except as may be offered to one of our officers in his capacity as an officer), no such person shall be liable to us or any of our stockholders (or any affiliate thereof) for breach of any fiduciary or other duty by reason of the fact that such person pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to us. This provision applies even if the business opportunity is one that we might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so.

In addition, our certificate of incorporation and the NCM LLC operating agreement expressly provide that NCM LLC's founding members may have other business interests and may engage in any other businesses not specifically prohibited by the terms of the certificate of incorporation, including the exclusivity provisions of the ESAs. The parent companies of NCM LLC's founding members are not bound by the ESAs and therefore could develop new media platforms that could compete for advertising dollars with our services. Further, we may also compete with NCM LLC's founding members or their affiliates in the area of employee recruiting and retention. These potential conflicts of interest could have a material adverse effect on our business, financial condition, results of operations or prospects if attractive corporate opportunities are allocated by NCM LLC's founding members to themselves or their other affiliates or we lose key personnel to them.

The agreements between us and NCM LLC's founding members were made in the context of an affiliated relationship and may contain different terms than comparable agreements with unaffiliated third parties

The ESAs and the other contractual agreements that we have with NCM LLC's founding members were originally negotiated in the context of an affiliated relationship in which representatives of NCM LLC's founding members and their affiliates comprised our entire board of directors. As a result, the financial provisions and the other terms of these agreements, such as covenants, contractual obligations on our part and on the part of NCM LLC's founding members and termination and default provisions may be less favorable to us than terms that we might have obtained in negotiations with unaffiliated third parties in similar circumstances.

Our certificate of incorporation and bylaws contain anti-takeover protections that may discourage or prevent strategic transactions, including a takeover of our company, even if such a transaction would be beneficial to our stockholders

Provisions contained in our certificate of incorporation and bylaws, the NCM LLC operating agreement, provisions of the Delaware General Corporation Law ("DGCL"), could delay or prevent a third party from entering into a strategic transaction with us, even if such a transaction would benefit our stockholders. For example, our certificate of incorporation and bylaws:

- establish supermajority approval requirements by our directors before our board may take certain actions;
- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to increase the number of outstanding shares, making a takeover more difficult and expensive;
- establish a classified board of directors;
- allow removal of directors only for cause;
- prohibit stockholder action by written consent;
- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates; and

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- provide that NCM LLC's founding members will be able to exercise a greater degree of influence over the operations of NCM LLC, which may discourage other nominations to our board of directors, if any director nominee designated by NCM LLC's founding members is not elected by our stockholders.

These restrictions could keep us from pursuing relationships with strategic partners and from raising additional capital, which could impede our ability to expand our business and strengthen our competitive position. These restrictions could also limit stockholder value by impeding a sale of us or NCM LLC.

Any future issuance of membership units by NCM LLC and subsequent redemption of such units for common stock could dilute the voting power of our existing common stockholders and adversely affect the market value of our common stock

The common unit adjustment agreement and the ESAs provide that we will issue common membership units of NCM LLC to account for changes in the number of theatre screens NCM LLC's founding members operate and which are made part of our advertising network. Historically, each of NCM LLC's founding members has increased the number of screens it operates. If this trend continues, NCM LLC may issue additional common membership units to NCM LLC's founding members to reflect their increase in net screen count. Each common membership unit may be redeemed in exchange for, at our option, shares of our common stock on a one-for-one basis or a cash payment equal to the market price of one share of our common stock. If a significant number of common membership units were issued to NCM LLC's founding members, NCM LLC's founding members elected to redeem such units, and we elected to issue common stock rather than cash upon redemption, the voting power of our common stockholders could be diluted. Other than the maximum number of authorized shares of common stock in our certificate of incorporation, there is no limit on the number of shares of our common stock that we may issue upon redemption of an NCM LLC founding member's common membership units in NCM LLC. For further information, refer to Note 5 to the audited Consolidated Financial Statements included elsewhere in this document.

Our future issuance of preferred stock could dilute the voting power of our common stockholders and adversely affect the market value of our common stock

The future issuance of shares of preferred stock with voting rights may adversely affect the voting power of the holders of our other classes of voting stock, either by diluting the voting power of our other classes of voting stock if they vote together as a single class, or by giving the holders of any such preferred stock the right to block an action on which they have a separate class vote even if the action were approved by the holders of our other classes of voting stock.

The future issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. For example, investors in the common stock may not wish to purchase common stock at a price above the conversion price of a series of convertible preferred stock because the holders of the preferred stock would effectively be entitled to purchase common stock at the lower conversion price causing economic dilution to the holders of common stock.

If we or NCM LLC's founding members are determined to be an investment company, we would become subject to burdensome regulatory requirements and our business activities could be restricted

We do not believe that we are an "investment company" under the Investment Company Act of 1940, as amended. As sole manager of NCM LLC, we control NCM LLC, and our interest in NCM LLC is not an "investment security" as that term is used in the Investment Company Act of 1940. If we were to stop participating in the management of NCM LLC, our interest in NCM LLC could be deemed an "investment security" for purposes of the Investment Company Act of 1940. Generally, a company is an "investment company" if it owns investment securities having a value exceeding 40% of the value of its total assets

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(excluding U.S. government securities and cash items). Our sole material asset is our equity interest in NCM LLC. A determination that such asset was an investment security could result in our being considered an investment company under the Investment Company Act of 1940. As a result, we would become subject to registration and other burdensome requirements of the Investment Company Act. In addition, the requirements of the Investment Company Act of 1940 could restrict our business activities, including our ability to issue securities.

We and NCM LLC intend to conduct our operations so that we are not deemed an investment company under the Investment Company Act. However, if anything were to occur that would cause us to be deemed an investment company, we would become subject to restrictions imposed by the Investment Company Act of 1940. These restrictions, including limitations on our capital structure and our ability to enter into transactions with our affiliates, could make it impractical for us to continue our business as currently conducted and could have a material adverse effect on our financial performance and operations.

We also rely on representations of NCM LLC's founding members that they are not investment companies under the Investment Company Act. If any NCM LLC founding member were deemed an investment company, the restrictions placed upon that NCM LLC founding member might inhibit its ability to fulfill its obligations under its ESA or restrict NCM LLC's ability to borrow funds.

Our tax receivable agreement with NCM LLC's founding members is expected to reduce the amount of overall cash flow that would otherwise be available to us and will increase our potential exposure to the financial condition of NCM LLC's founding members

Our initial public offering and related transactions have the effect of reducing the amounts NCM, Inc. would otherwise pay in the future to various tax authorities as a result of an increase in its proportionate share of tax basis in NCM LLC's tangible and intangible assets. We have agreed in our tax receivable agreement with NCM LLC's founding members to pay to NCM LLC's founding members 90% of the amount by which NCM, Inc.'s tax payments to various tax authorities are reduced as a result of the increase in tax basis. After paying these reduced amounts to tax authorities, if it is determined as a result of an income tax audit or examination that any amount of NCM, Inc.'s claimed tax benefits should not have been available, NCM, Inc. may be required to pay additional taxes and possibly penalties and interest to one or more tax authorities. If this were to occur and if one or more of NCM LLC's founding members was insolvent or bankrupt or otherwise unable to make payment under its indemnification obligation under the tax receivable agreement, then NCM, Inc.'s financial condition could be negatively impacted.

The substantial number of shares that are eligible for sale could cause the market price for our common stock to decline or make it difficult for us to sell equity securities in the future

We cannot predict the effect, if any, that market sales of shares of common stock by NCM LLC's founding members will have on the market price of our common stock from time to time. Sales of substantial amounts of shares of our common stock in the public market, or the perception that those sales will occur, could cause the market price of our common stock to decline or make future offerings of our equity securities more difficult. If we are unable to sell equity securities at times and prices that we deem appropriate, we may be unable to fund growth. The founding members may receive up to 68,455,668 shares of common stock upon redemption of their outstanding common membership units of NCM LLC. The resale of these shares of common stock has been registered as required by the terms of the registration rights agreement between NCM Inc. and the NCM LLC founding members. Additionally, once options and restricted stock held by our employees become vested and/or exercisable, as applicable, to the extent that they are not held by one of our affiliates, the shares acquired upon vesting or exercise are freely tradable. Refer to Note 11 the audited Consolidated Financial Statements included elsewhere in this document.

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Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Information with respect to our corporate headquarters and regional offices is presented below as of December 26, 2013. We own no material real property. We believe that all of our present facilities are adequate for our current needs and that additional space is available for future expansion on acceptable terms.

<u>Location</u>	<u>Facility</u>	<u>Size</u>
Centennial, CO (1)	Headquarters (including the NOC)	82,721 sq. ft.
Chicago, IL (2)	Advertising Sales Office	3,971 sq. ft.
New York, NY (3)	Advertising Sales Office	17,498 sq. ft.
Woodland Hills, CA (4)	Advertising Sales Office	6,062 sq. ft.
Minneapolis, MN (5)	Software Development Office	5,926 sq. ft.
Newport Beach, CA (6)	Regional Advertising Sales Office	1,417 sq. ft.

- (1) This facility is leased through June 30, 2021.
- (2) This facility is leased through September 30, 2017.
- (3) This facility is leased through April 30, 2017.
- (4) This facility is leased through November 30, 2019.
- (5) This facility is leased through February 29, 2015.
- (6) This facility is leased through April 30, 2016.

Item 3. Legal Proceedings

We are sometimes involved in legal proceedings arising in the ordinary course of business. We are not aware of any litigation currently pending that would have a material effect on our operating results or financial condition.

Item 4. Mine Safety Disclosures

Not applicable.

PART II**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock, \$0.01 par value, has traded on The NASDAQ Global Market under the symbol “NCMI” since February 8, 2007 (our IPO closed on February 13, 2007). There were 239 stockholders of record as of February 14, 2014 (does not include beneficial holders of shares held in “street name”). The following table sets forth the historical high and low sales prices per share for our common stock as reported on The NASDAQ Global Market for the fiscal periods indicated.

	Fiscal 2013		
	High	Low	Declared Dividend
First Quarter (December 28, 2012—March 28, 2013)	\$15.93	\$13.38	\$ 0.22
Second Quarter (March 29, 2013—June 27, 2013)	\$19.00	\$14.01	\$ 0.22
Third Quarter (June 28, 2013—September 26, 2013)	\$19.16	\$16.77	\$ 0.22
Fourth Quarter (September 27, 2013—December 26, 2013)	\$20.22	\$16.97	\$ 0.22

	Fiscal 2012		
	High	Low	Declared Dividend
First Quarter (December 30, 2011—March 29, 2012)	\$16.35	\$11.95	\$ 0.22
Second Quarter (March 30, 2012—June 28, 2012)	\$15.59	\$12.94	\$ 0.22
Third Quarter (June 29, 2012—September 27, 2012)	\$16.89	\$13.56	\$ 0.22
Fourth Quarter (September 28, 2012—December 27, 2012)	\$16.76	\$13.06	\$ 0.22

Dividend Policy

We intend to distribute over time a substantial portion of our free cash flow (distributions from NCM LLC less income taxes and payments under the tax receivable agreement with NCM LLC’s founding members) in the form of dividends to our stockholders. The declaration, payment, timing and amount of any future dividends payable will be at the sole discretion of our board of directors who will take into account general economic and business conditions, our financial condition, our available cash, our current and anticipated cash needs, and any other factors that the board considers relevant. Under Delaware law, dividends may be payable only out of surplus, which is our total assets minus total liabilities less the par value of our common stock, or, if we have no surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

Use of Proceeds from Sale of Registered Securities

None.

Unregistered Sales of Equity Securities and Use of Proceeds

None.

Share Repurchase Program

None.

Issuer Purchases of Equity Securities

None.

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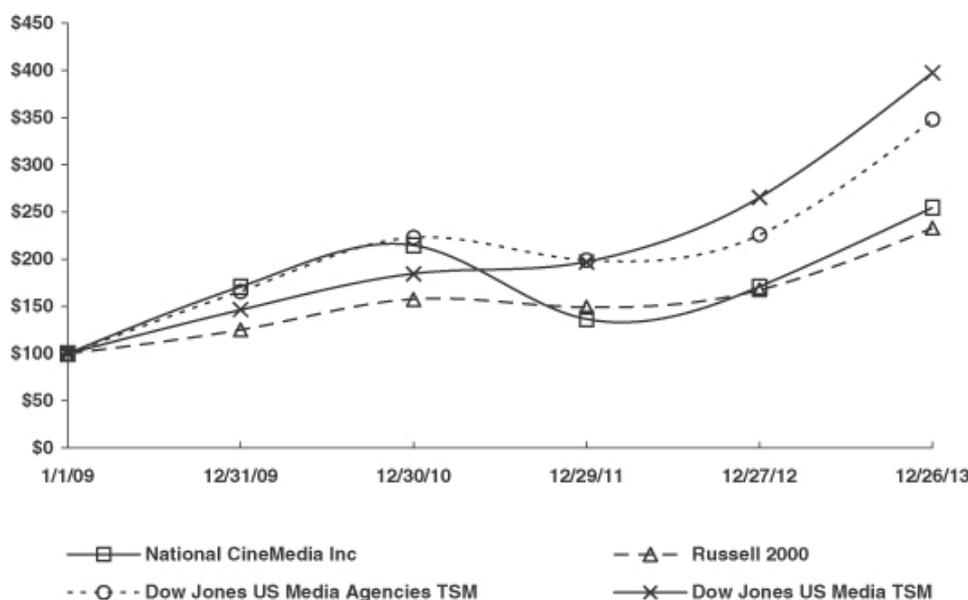
Equity Compensation Plan

Refer to “Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” for information regarding securities authorized for issuance under our equity compensation plans which is incorporated in this Item by this reference.

Stock Performance Graph

The following graph compares the cumulative total stockholder return on the common stock of the Company (including dividends paid) for the period January 1, 2009 through December 26, 2013 with the Russell 2000 Index, the Dow Jones US Media Agencies TSM and the Dow Jones US Media TSM. In 2013, the Company changed its peer group index from the Dow Jones US Media Agencies index to the Dow Jones US Media Index. As such, the Company has shown both indices in the following graph in the year of the change. The Company believes the Dow Jones US Media Index provides a more comparable measure because it includes broadcasters and cable networks that we compete with in the advertising industry which provides a better representation of our peers.

The comparisons in the graph below are based upon historical data and are not indicative of, or intended to forecast, future performance of our common stock.



	Jan. 1, 2009	Dec. 31, 2009	Dec. 30, 2010	Dec. 29, 2011	Dec. 27, 2012	Dec. 26, 2013
National CineMedia Inc	100.00	171.25	214.85	136.75	170.82	254.55
Russell 2000	100.00	125.22	158.12	149.16	167.66	232.79
Dow Jones US Media Agencies TSM	100.00	166.51	223.01	199.05	225.80	347.22
Dow Jones US Media TSM	100.00	146.62	184.82	197.62	265.48	397.36

Item 6. Selected Financial Data

Selected Historical Financial and Operating Data

The following table sets forth our historical selected financial and operating data for the periods indicated. The selected financial and operating data should be read in conjunction with the other information contained in this document, including “Business,” “Management’s Discussion and Analysis of Financial Condition and

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Results of Operations,” the audited historical Consolidated Financial Statements and the notes thereto included elsewhere in this document, and historical audited Consolidated Financial Statements, which have not been included in this document.

The results of operations data for the years ended December 26, 2013, December 27, 2012 and December 29, 2011 and the balance sheet data as of December 26, 2013 and December 27, 2012 are derived from the audited Consolidated Financial Statements of NCM, Inc. included elsewhere in this document. The results of operations data for the years ended December 30, 2010 and December 31, 2009 and the balance sheet data as of December 29, 2011, December 30, 2010 and December 31, 2009 are derived from the audited financial statements of NCM, Inc. (not presented herein).

Results of Operations Data (\$ in millions, except per share data)	Years Ended				
	Dec. 26, 2013	Dec. 27, 2012	Dec. 29, 2011	Dec. 30, 2010	Dec. 31, 2009
REVENUE:					
Advertising	\$ 426.3	\$ 409.5	\$ 386.2	\$ 379.5	\$ 335.1
Fathom Events	36.5	39.3	49.2	48.0	45.6
Total	<u>462.8</u>	<u>448.8</u>	<u>435.4</u>	<u>427.5</u>	<u>380.7</u>
OPERATING EXPENSES:					
Advertising operating costs	29.0	31.3	24.6	21.7	20.0
Fathom Events operating costs	25.5	29.0	34.1	32.4	29.1
Network costs	19.4	19.8	18.6	20.0	18.6
Theatre access fees—founding members	69.4	64.5	55.4	52.6	52.7
Selling and marketing costs	61.5	60.5	59.8	57.9	50.2
Administrative and other costs	29.4	31.5	30.4	34.5	26.3
Depreciation and amortization	26.6	20.4	18.8	17.8	15.6
Total	<u>260.8</u>	<u>257.0</u>	<u>241.7</u>	<u>236.9</u>	<u>212.5</u>
OPERATING INCOME	202.0	191.8	193.7	190.6	168.2
NON-OPERATING EXPENSES	52.0	99.8	73.7	64.0	49.5
INCOME BEFORE INCOME TAXES	150.0	92.0	120.0	126.6	118.7
Provision for income taxes	20.2	26.7	19.4	16.8	16.6
Equity loss from investments, net	—	—	—	0.7	0.8
CONSOLIDATED NET INCOME	129.8	65.3	100.6	109.1	101.3
Less: Net income attributable to noncontrolling interests	88.6	51.9	69.1	79.9	75.2
NET INCOME ATTRIBUTABLE TO NCM, Inc.	<u>\$ 41.2</u>	<u>\$ 13.4</u>	<u>\$ 31.5</u>	<u>\$ 29.2</u>	<u>\$ 26.1</u>
EARNINGS PER NCM, INC. COMMON SHARE:					
Basic	\$ 0.74	\$ 0.25	\$ 0.58	\$ 0.63	\$ 0.62
Diluted	\$ 0.73	\$ 0.24	\$ 0.58	\$ 0.62	\$ 0.62

Notes to the Selected Historical Financial and Operating Data

(1) Operating Income Before Depreciation and Amortization (“OIBDA”), Adjusted OIBDA and Adjusted OIBDA margin are not financial measures calculated in accordance with GAAP in the U.S. OIBDA represents consolidated net income 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, non-cash share based compensation programs, 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.

OIBDA and Adjusted OIBDA do not reflect integration payments as integration payments are recorded as a reduction to intangible assets. Integration payments received are added to Adjusted OIBDA to determine our compliance with financial covenants under our senior secured credit facility and included in available cash distributions to NCM LLC’s founding members. During the years ended December 26, 2013, December 27, 2012, December 29, 2011, December 30, 2010 and December 31, 2009, the Company recorded integration payments of \$2.8 million, \$0 million, \$1.9 million, \$3.9 million and \$3.6 million, respectively, from NCM LLC’s founding members.

(2) Represents the total number of screens within NCM LLC’s advertising network operated by NCM LLC’s founding members. Excludes screens associated with certain Cinemark Rave and AMC Rave theatres for all periods presented.

(3) Represents the total screens within NCM LLC’s advertising network.

(4) Represents the total number of screens that are connected to our DCN.

(5) Represents the total attendance within NCM LLC’s advertising network.

(6) Excludes Star Theatres for periods prior to April 2009, Consolidated Theatres for all periods prior to June 2011 and certain Cinemark Rave and AMC Rave theatres for all periods presented.

(7) Includes short-term and long-term marketable securities.

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

	Years Ended				
	Dec. 26, 2013	Dec. 27, 2012	Dec. 29, 2011	Dec. 30, 2010	Dec. 31, 2009
Consolidated net income	\$129.8	\$ 65.3	\$100.6	\$109.1	\$101.3
Income tax expense	20.2	26.7	19.4	16.8	16.6
Equity loss from investments, net	—	—	—	0.7	0.8
Interest and other non-operating costs	52.0	99.8	73.7	64.0	49.5
Depreciation and amortization	26.6	20.4	18.8	17.8	15.6
OIBDA	\$228.6	\$212.2	\$212.5	\$208.4	\$183.8
Share-based compensation costs (1)	5.9	9.0	11.8	14.0	5.5
Adjusted OIBDA	\$234.5	\$221.2	\$224.3	\$222.4	\$189.3
Total revenue	\$462.8	\$448.8	\$435.4	\$427.5	\$380.7
Adjusted OIBDA margin	50.7%	49.3%	51.5%	52.0%	49.7%

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

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

As discussed in Part 1, some of the information in this Annual Report on Form 10-K includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended. All statements other than statements of historical facts included in this Form 10-K, including, without limitation, certain statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations", may constitute forward-looking statements. In some cases, you can identify these "forward-looking statements" by the specific words, including but not limited to "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of those words and other comparable words. These forward-looking statements involve risks and uncertainties. The following discussion and analysis should be read in conjunction with our historical financial statements and the related notes thereto included elsewhere in this document. In the following discussion and analysis, the term net income refers to net income attributable to NCM, Inc.

Overview

NCM LLC operates the largest digital in-theatre network in North America, for the distribution of advertising and, until its sale at the end of 2013, Fathom Events. Our revenue has been principally derived from the sale of advertising and, to a lesser extent, from our Fathom Events business. We have long-term ESAs with NCM LLC's founding members and multi-year agreements with our network affiliates. The ESAs with NCM LLC's founding members and network affiliate agreements grant us exclusive rights, subject to limited exceptions, to sell advertising and distribute entertainment programming in those theatres. Our advertising *FirstLook* pre-show and LEN programming are distributed across our proprietary DCN and live Fathom Event programming was distributed across our DBN until its sale. Approximately 97% of the aggregate NCM LLC founding members and network affiliate theatre attendance is generated by theatres connected to our DCN.

On December 26, 2013, NCM LLC sold its Fathom Events business to a newly formed limited liability company owned 32% by each of the founding members and 4% by NCM LLC. Refer to "—Fathom Events" in Item 1 for further information.

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Management focuses on several measurements that we believe provide us with the necessary ratios and key performance indicators to manage our business, determine how we are performing versus our internal goals and targets, and against the performance of our competitors and other benchmarks in the marketplace in which we operate. Senior executives hold meetings twice per quarter with officers, managers and staff to discuss and analyze operating results and address significant variances to budget and prior year in an effort to identify trends and changes in our business. We focus on many operating metrics including changes in OIBDA, Adjusted OIBDA and Adjusted OIBDA margin, as defined and discussed in “Item 6. Selected Financial Data—Notes to the Selected Historical Financial and Operating Data”, as some of our primary measurement metrics. In addition, we monitor our monthly advertising performance measurements, including advertising inventory utilization, advertising pricing (CPM), local and total advertising revenue per attendee and the number of Fathom Events locations, revenue per event and location, as well as our operating cash flow and related financial leverage and cash balances and revolving credit facility availability to ensure that there is adequate cash availability to fund our working capital needs and debt obligations and current and future dividends declared by our Board of Directors.

Our operating results may be affected by a variety of internal and external factors and trends described more fully in the section entitled “Risk Factors.”

Summary Historical and Operating Data

You should read this information in conjunction with the other information contained in this document, and our audited historical financial statements and the notes thereto included elsewhere in this document.

The following table presents operating data and Adjusted OIBDA. Refer to “Item 6. Selected Financial Data—Notes to the Selected Historical Financial and Operating Data” for a discussion of the calculation of Adjusted OIBDA and reconciliation to consolidated net income.

(In millions, except per share data)	Years Ended			% Change	
	Dec. 26, 2013	Dec. 27, 2012	Dec. 29, 2011	2012 to 2013	2011 to 2012
Revenue	\$462.8	\$448.8	\$435.4	3.1%	3.1%
Operating expenses	260.8	257.0	241.7	1.5%	6.3%
Operating income	202.0	191.8	193.7	5.3%	(1.0%)
Non-operating expense	52.0	99.8	73.7	(47.9%)	35.4%
Income tax expense	20.2	26.7	19.4	(24.3%)	37.6%
Net income attributable to noncontrolling interests	88.6	51.9	69.1	70.7%	(24.9%)
Net income attributable to NCM, Inc.	<u>\$ 41.2</u>	<u>\$ 13.4</u>	<u>\$ 31.5</u>	207.5%	(57.5%)
Net income per NCM, Inc. basic share	\$ 0.74	\$ 0.25	\$ 0.58	194.2%	(56.9%)
Net income per NCM, Inc. diluted share	\$ 0.73	\$ 0.24	\$ 0.58	203.1%	(58.6%)
Adjusted OIBDA	\$234.5	\$221.2	\$224.3	6.0%	(1.4%)
Adjusted OIBDA margin	50.7%	49.3%	51.5%	1.4%	(2.2%)
Total theatre attendance	699.2	690.4	636.8	1.3%	8.4%

Basis of Presentation

Prior to the completion of the IPO, NCM LLC was wholly-owned by its founding members. In connection with the offering, NCM, Inc. purchased newly issued common membership units from NCM LLC and common membership units from NCM LLC’s founding members, and became a member of and the sole manager of NCM LLC. We entered into several agreements to effect the reorganization and the financing transaction and certain amendments were made to the existing ESAs to govern the relationships among NCM LLC and NCM LLC’s founding members after the completion of these transactions.

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On December 26, 2013, NCM LLC sold its Fathom Events business to a newly formed limited liability company owned 32% by each of the founding members and 4% by NCM LLC. Refer to “—Fathom Events” in Item 1 for further information.

The results of operations data discussed herein were derived from the audited Consolidated Financial Statements and accounting records of NCM, Inc. and should be read in conjunction with the notes thereto.

We have a 52-week or 53-week fiscal year ending on the first Thursday after December 25. Fiscal years 2013, 2012 and 2011 contained 52 weeks. Our 2014 fiscal year will contain 53 weeks. Throughout this document, we refer to our fiscal years as set forth below:

<u>Fiscal Year Ended</u>	<u>Reference in this Document</u>
December 26, 2013	2013
December 27, 2012	2012
December 29, 2011	2011

Results of Operations

Years Ended December 26, 2013 and December 27, 2012

Revenue. Total revenue for the year ended December 26, 2013 increased \$14.0 million, or 3.1%, to \$462.8 million, compared to \$448.8 million for the 2012 period. The following is a summary of revenue by category (in millions).

	<u>Years Ended</u>		<u>\$ Change 2012 to 2013</u>	<u>% Change 2012 to 2013</u>
	<u>December 26, 2013</u>	<u>December 27, 2012</u>		
National advertising revenue	\$ 295.0	\$ 288.7	\$ 6.3	2.2%
Local advertising revenue	89.9	81.1	8.8	10.9%
Founding member advertising revenue from beverage concessionaire agreements	41.4	39.7	1.7	4.3%
Fathom Consumer revenue	34.4	34.2	0.2	0.6%
Fathom Business revenue	2.1	5.1	(3.0)	(58.8%)
Total revenue	<u>\$ 462.8</u>	<u>\$ 448.8</u>	<u>\$ 14.0</u>	3.1%

The following table shows data on revenue per attendee for the years ended December 26, 2013 and December 27, 2012 (in millions):

	<u>Per Attendee Data</u>		<u>% Change 2012 to 2013</u>
	<u>December 26, 2013</u>	<u>December 27, 2012</u>	
National advertising revenue per attendee	\$ 0.422	\$ 0.418	0.9%
Local advertising revenue per attendee	0.129	0.117	9.5%
Total advertising revenue (excluding founding member beverage revenue) per attendee	0.551	0.536	2.8%
Total advertising revenue per attendee	\$ 0.610	\$ 0.593	2.8%

National advertising revenue. The \$6.3 million, or 2.2%, increase in national advertising revenue (excluding beverage revenue from NCM LLC’s founding members) was due primarily to an increase in national inventory utilization which rose from 98.8% in 2012 to 109.3% in 2013 on network attendance growth of 1.3%. Inventory utilization is calculated based on eleven 30-second salable national advertising units in our

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pre-show, which can be expanded, should market demand dictate. Revenue and utilization increased primarily due to content partner revenue increasing 17.3% to \$84.0 million in 2013, compared to \$71.6 million in 2012 primarily due to several content partners spending over their annual contractual commitment in 2013. In addition, online and mobile advertising revenue increased \$0.8 million, or 16.4%, from \$5.0 million in 2012 to \$5.8 million in 2013. The increases to national advertising revenue were partially offset by a 7.6% decrease in national advertising CPMs (excluding beverage revenue) due primarily to the expansion of our client mix to new client categories, more aggressive pricing strategies and increased competition.

Local advertising revenue. The \$8.8 million, or 10.9%, increase in local advertising revenue was driven by an increase in local advertising contract volume of 9.7% and an increase in the average contract value of 1.1% in 2013, compared to 2012. The increase in contract volume was driven by an increase in sales to smaller local clients. The average dollar value of our local advertising contracts under \$100,000 increased 6.2% and the number of contracts under \$100,000 increased 9.8%, with contracts between \$50,000 and \$100,000 driving the increase with growth of 41.7% in the number of contracts in 2013. The increase in smaller contracts was driven in part by a 2.4% increase in the number of average network screens in 2013, compared to 2012 and an improving economic outlook in many of the local markets that we serve. Sales to larger (>\$100,000) regional contracts remained consistent period over period.

Founding member beverage revenue. The \$1.7 million, or 4.3%, increase in national advertising revenue from NCM LLC's founding members' beverage concessionaire agreements was due primarily to a 3.7% increase in founding member attendance in 2013, compared to 2012. The increase in founding member attendance related primarily to the acquisition of 109 theatres (with 1,437 screens) by NCM LLC's founding members late in 2012 and in 2013. These acquisitions expanded our network by 12 theatres (192 screens) as 97 theatres (with 1,245 screens) were operated by existing network affiliate theatre circuits.

Fathom Events revenue. Fathom Events revenue, which is comprised of Fathom Consumer revenue and Fathom Business revenue, decreased \$2.8 million, or 7.1%, from \$39.3 million in 2012 to \$36.5 million in 2013. The decrease was primarily due to a decrease in Fathom Business revenue of \$3.0 million as this business was wound-down in the early part of 2012 and thus we only executed business meeting events on a periodic basis as requested by long-term Fathom clients or NCM LLC's founding members. Fathom Consumer revenue remained consistent increasing \$0.2 million, or 0.6%, year-over-year despite the number of events decreasing by 17, or 18.9%, from 90 in 2012 to 73 in 2013. The events held in 2013 generated 23.6% higher average revenue than those in 2012 due to our focus on higher quality events.

Operating expenses. Total operating expenses for the year ended December 26, 2013 were \$260.8 million, an increase of 1.5%, from \$257.0 million for the 2012 period. The following table shows operating expense breakout for the years ended December 26, 2013 and December 27, 2012 (in millions):

	Years Ended		\$ Change 2012 to 2013	% Change 2012 to 2013
	December 26, 2013	December 27, 2012		
Advertising operating costs	\$ 29.0	\$ 31.3	\$ (2.3)	(7.3%)
Fathom Events operating costs	25.5	29.0	(3.5)	(12.1%)
Network costs	19.4	19.8	(0.4)	(2.0%)
Theatre access fees—founding members	69.4	64.5	4.9	7.6%
Selling and marketing costs	61.5	60.5	1.0	1.7%
Administrative and other costs	29.4	31.5	(2.1)	(6.7%)
Depreciation and amortization	26.6	20.4	6.2	30.4%
Total operating expenses	<u>\$ 260.8</u>	<u>\$ 257.0</u>	<u>\$ 3.8</u>	1.5%

Advertising operating costs. Advertising operating costs decreased \$2.3 million, or 7.3%, from \$31.3 million for the year ended December 27, 2012 to \$29.0 million for the year ended December 26, 2013. This

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decrease was primarily the result of a \$2.9 million decrease in affiliate advertising payments. The decrease in affiliate advertising payments was driven by an 8.0% decrease in the number of average affiliate screens in 2013, compared to 2012. The decrease in affiliate screens is due to the acquisition of certain affiliate screens by NCM LLC's founding members, partially offset by the addition of new affiliate screens to our network by existing affiliates and the addition of six new affiliate circuits during 2013.

Fathom Events operating costs. Fathom Events operating costs decreased \$3.5 million, or 12.1%, from \$29.0 million for the year ended December 27, 2012 to \$25.5 million for the year ended December 26, 2013. The decrease was primarily due to a decrease in costs associated with the Fathom Consumer Events division of \$1.9 million due to lower programming costs as a percentage of event revenue and fewer events in 2013, compared to 2012. In addition, costs associated with the Fathom Business Events division declined \$1.6 million in 2013 compared to 2012 as this division was wound-down in the first quarter of 2012.

Network costs. Network costs decreased \$0.4 million, or 2.0%, from \$19.8 million for the year ended December 27, 2012 to \$19.4 million for the year ended December 26, 2013. The decrease was primarily due to a decrease of \$0.4 million in share-based compensation expense.

Theatre access fees. Theatre access fees increased \$4.9 million, or 7.6%, from \$64.5 million for the year ended December 27, 2012 to \$69.4 million for the year ended December 26, 2013. Approximately \$3.3 million of the increase was from an increase in fees for digital screens and equipment and the remaining \$1.6 million of the increase was due to the 3.7% increase in founding member attendance in 2013, compared to 2012. The fees for digital screens and equipment increased due to an annual 5% rate increase specified in the ESAs and a higher number of NCM LLC's founding member theatres equipped with the higher quality digital cinema equipment year-over-year. As of December 26, 2013, the number of founding member theatres equipped with digital cinema projectors as a percentage of the total founding member network was 86%, compared to 84% as of December 27, 2012 and as of December 26, 2013, 96% of our network screens were showing advertising on digital projectors.

Selling and marketing costs. Selling and marketing costs increased \$1.0 million, or 1.7%, from \$60.5 million for the year ended December 27, 2012 to \$61.5 million for the year ended December 26, 2013. This increase was primarily due to an increase of \$1.7 million in non-cash barter expense partially offset by a decrease of \$0.8 million in personnel costs due primarily to lower salaries and lower share-based compensation expense.

Administrative and other costs. Administrative and other costs decreased \$2.1 million, or 6.7%, from \$31.5 million for the year ended December 27, 2012 to \$29.4 million for the year ended December 26, 2013. The decrease was primarily due to \$1.5 million decrease in personnel costs due primarily to lower share-based compensation expense and a decrease of \$0.5 million in legal and professional expenses due to a one-time fee paid in 2012 to consultants that assisted us with the restructuring of the Fathom Events business.

Depreciation and amortization. Depreciation and amortization expense increased \$6.2 million, or 30.4%, from 20.4 million for the year ended December 27, 2012 to \$26.6 million for the year ended December 26, 2013. The increase was due to higher amortization of intangible assets related to new affiliate agreements and NCM LLC founding member common unit adjustments, as well as, an increase in depreciation expense resulting from greater average property, plant and equipment balances year-over-year related primarily to equipment installed into new network affiliate theatres.

Non-operating expenses. Total non-operating expenses for the year ended December 26, 2013 were \$52.0 million, a decrease of 47.9%, from \$99.8 million for the 2012 period due primarily to the \$25.4 million gain on the sale of the Fathom Events business and loss on terminations of interest rate swap agreements in 2012. The

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following table shows the non-operating expense breakout for the years ended December 26, 2013 and December 27, 2012 (in millions):

	Years Ended		\$ Change 2012 to 2013	% Change 2012 to 2013
	December 26, 2013	December 27, 2012		
Interest on borrowings	\$ 51.6	\$ 56.7	\$ (5.1)	(9.0%)
Interest income	(0.4)	(0.4)	—	0.0%
Accretion of interest on the discounted payable to founding members under tax receivable agreement	13.9	10.0	3.9	39.0%
Change in derivative fair value	—	(3.0)	3.0	(100.0%)
Amortization of terminated derivatives	10.3	4.0	6.3	157.5%
Impairment on investment	0.8	—	0.8	100.0%
Loss on swap terminations	—	26.7	(26.7)	(100.0%)
Gain on sale of Fathom Events—founding members	(25.4)	—	(25.4)	100.0%
Other non-operating expense	1.2	5.8	(4.6)	(79.3%)
Total non-operating expenses	<u>\$ 52.0</u>	<u>\$ 99.8</u>	<u>\$ (47.8)</u>	(47.9%)

Interest on borrowings decreased \$5.1 million due primarily to lower average interest rates in 2013, compared to 2012, as a result of the Company's debt refinancings in 2012 and 2013. Interest due to NCM LLC's founding members under the tax receivable agreement increased \$3.9 million due to changes in tax rates and NCM LLC ownership rates period over period. In connection with the termination of interest rate swaps during 2012, the Company recorded a loss in 2012 of \$26.7 million, recorded higher amortization on terminated derivatives of \$6.3 million in 2013 and no longer recorded changes in derivative fair value, all of which decreased non-operating expenses by \$17.4 million in 2013, compared to 2012. In 2013, we recorded a gain of \$25.4 million, net of direct expenses, for the sale of our Fathom Events business on December 26, 2013. During 2013, we also recorded an impairment charge on a cost method investment of \$0.8 million and had lower other non-operating expense primarily due to a decrease in write-offs of debt issuance costs during 2013.

Net income. Net income increased \$27.8 million, or 207.5 %, from \$13.4 million for the year ended December 27, 2012 to \$41.2 million for the year ended December 26, 2013. The increase in net income was driven by a decrease in non-operating expenses of \$47.8 million, an increase in operating income of \$10.2 million, as described further above, and a decrease in tax expense of \$6.5 million due primarily to the reversal of a valuation allowance on a capital loss carryforward that the Company now expects to utilize because of capital gains associated with the sale of the Fathom Events business. These increases to net income were partially offset by a \$36.7 million increase in income attributable to noncontrolling interests due to higher NCM LLC net income.

Years Ended December 27, 2012 and December 29, 2011

Revenue. Total revenue for the year ended December 27, 2012 increased \$13.4 million, or 3.1% to \$448.8 million, compared to \$435.4 million for the 2011 period. The increase was driven by an increase in total advertising revenue of \$23.3 million, or 6.0%, from \$386.2 million for the year ended December 29, 2011 to \$409.5 million for the year ended December 27, 2012. The increase is primarily due to a 7.9% increase in national advertising revenue (excluding beverage), a 0.6% increase in local advertising revenue and a 4.5%

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increase in beverage revenue. Total advertising revenue (including beverage revenue) per attendee for the year ended December 27, 2012 decreased 2.1% from the year ended December 29, 2011.

	Years Ended		\$ Change 2011 to 2012	% Change 2011 to 2012
	December 27, 2012	December 29, 2011		
National advertising revenue	\$ 288.7	\$ 267.6	\$ 21.1	7.9%
Local advertising revenue	81.1	80.6	0.5	0.6%
Founding member advertising revenue from beverage concessionaire agreements	39.7	38.0	1.7	4.5%
Fathom Consumer revenue	34.2	35.0	(0.8)	(2.3%)
Fathom Business revenue	5.1	14.2	(9.1)	(64.1%)
Total revenue	<u>\$ 448.8</u>	<u>\$ 435.4</u>	<u>\$ 13.4</u>	3.1%

National advertising revenue. National advertising revenue (including beverage revenue from NCM LLC's founding members) of \$328.4 million for the year ended December 27, 2012 increased \$22.8 million, or 7.5%, from \$305.6 million for the 2011 period. Excluding beverage revenue from NCM LLC's founding members, national advertising revenue increased \$21.1 million, or 7.9% to \$288.7 million compared to \$267.6 million for the 2011 period. The growth in national advertising revenue was driven by total attendance increasing 8.4% for the year ended December 27, 2012, with NCM LLC's founding members increasing 4.4% and network affiliates increasing 35.2%, which includes 15 new network affiliates added to our network in 2011 and 2012. In addition, online and mobile revenue increased \$1.7 million, or 52.4% during 2012 compared to 2011 as the Company continues to place more focus on the online and mobile market, including selling advertising that combines on-screen, lobby and online and mobile marketing components. Branded content revenue increased 44.7% during 2012 compared to 2011, due to more branded content contracts sold. National inventory utilization decreased to 98.8% for the year ended December 27, 2012 compared to 100.3% for the 2011 period as a result of a larger impression base in 2012 relating to an 8.4% attendance increase. Inventory utilization is calculated based on eleven 30-second salable national advertising units in our pre-show, which can be expanded, should market demand dictate. National advertising CPMs (excluding beverage revenue) decreased 2.5% during 2012 due to pricing pressure in the broader advertising marketplace and a higher number of long-form (longer than 30 seconds) advertisements.

Local advertising revenue. Local advertising revenue increased \$0.5 million, or 0.6% to \$81.1 million for the year ended December 27, 2012 compared to \$80.6 million for the 2011 period. The Company's number of local advertising contracts increased 4.6% as our smaller clients began to spend again with the improving economic climate. The number of our network screens increased 3.7%, and the average contract value increased 1.0% due to an increase in the number of higher value regional contracts.

Founding member beverage revenue. NCM LLC's founding members' advertising revenue from beverage concessionaire agreements increased 4.5% due to a 4.4% increase in NCM LLC's founding members' attendance.

Fathom Events revenue. Fathom Events revenue decreased \$9.9 million, or 20.1% to \$39.3 million for the year ended December 27, 2012 compared to \$49.2 million for the 2011 period. The decrease was primarily due to a decrease in Fathom Business Events revenue to \$9.1 million as this division was wound-down and shifted back to NCM LLC's founding member circuits during the first quarter of 2012 per the terms of the ESA, and a decrease in Fathom Consumer Events revenue of \$0.8 million, or 2.3%, from \$34.2 million for the year ended December 27, 2012 to \$35.0 million for the year ended December 29, 2011. The decrease in Fathom Consumer revenue was due to a 13.5% decrease in events and 6.8% decrease in average event ticket price, offset by a 5.0% increase in paid event attendance, related to a focus on higher quality events.

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Operating expenses. Total operating expenses for the year ended December 27, 2012 were \$257.0 million, an increase of 6.3%, from \$241.7 million for the 2011 period. The following table shows the operating expense breakout for the years ended December 27, 2012 and December 29, 2011 (in millions):

	Years Ended		\$ Change 2011 to 2012	% Change 2011 to 2012
	December 27, 2012	December 29, 2011		
Advertising operating costs	\$ 31.3	\$ 24.6	\$ 6.7	27.2%
Fathom Events operating costs	29.0	34.1	(5.1)	(15.0%)
Network costs	19.8	18.6	1.2	6.5%
Theatre access fees—founding members	64.5	55.4	9.1	16.4%
Selling and marketing costs	60.5	59.8	0.7	1.2%
Administrative and other costs	31.5	30.4	1.1	3.6%
Depreciation and amortization	20.4	18.8	1.6	8.5%
Total operating expenses	<u>\$ 257.0</u>	<u>\$ 241.7</u>	<u>\$ 15.3</u>	6.3%

Advertising operating costs. Advertising operating costs increased \$6.7 million, or 27.2%, from \$24.6 million for the year ended December 29, 2011 to \$31.3 million for the year ended December 27, 2012. This increase was primarily the result of a \$6.5 million increase in payments made to our network affiliates primarily due to a 3.7% increase in network affiliate screens, as well as the increase in national advertising revenue (excluding beverage revenue). As a percentage of total network screens, affiliate screens increased from 18.2% as of December 29, 2011 to 19.7% as of December 27, 2012.

Fathom Events operating costs. Fathom Events operating costs decreased \$5.1 million, or 15.0%, from \$34.1 million for the year ended December 29, 2011 to \$29.0 million for the year ended December 27, 2012. The decrease was primarily due to a decrease in costs associated with the Fathom Business Events division which declined \$5.0 million as this division was wound-down in the first quarter of 2012. The Fathom Consumer Events division operating costs were approximately the same as 2011, consistent with the relatively flat year to year revenue.

Network costs. Network costs increased \$1.2 million, or 6.5%, from \$18.6 million for the year ended December 29, 2011 to \$19.8 million for the year ended December 27, 2012. The increase was primarily due to an increase in year-end performance bonuses due to a better performance against internal goals than 2011, and an increase in the average number of total network screens during 2012 compared to 2011.

Theatre access fees. Theatre access fees increased \$9.1 million, or 16.4%, from \$55.4 million for the year ended December 29, 2011 to \$64.5 million for the year ended December 27, 2012. The increase was due in part to contractual rate increases specified in the ESA, including an annual 5% rate increase per digital screen and an 8% increase in the payment per patron fee which occurs every five years with the first such increase taking effect in 2012. Theatre access fees also increased due to NCM LLC's founding member attendance increasing by 8.4% for 2012, compared to 2011. In addition, payments to NCM LLC's founding members to obtain access to higher quality digital cinema equipment increased due to a higher number of NCM LLC's founding member theatres equipped with this technology.

Selling and marketing costs. Selling and marketing costs increased \$0.7 million, or 1.2%, from \$59.8 million for the year ended December 29, 2011 to \$60.5 million for the year ended December 27, 2012. This increase was primarily due to an increase in advertising related selling and marketing costs of \$5.1 million, offset by a decrease in selling and marketing costs associated with the Fathom Events of \$3.6 million, and a decrease in stock-based compensation expense of \$0.6 million. Advertising related selling and marketing costs increased due to an increase in online publisher expense (related to the increase in online and mobile revenue), increase in commission expense related to higher online and mobile revenue, and an increase in promotional and merchandising expense. The \$3.6 million decrease in Fathom Events selling and marketing costs was due primarily to the wind-down of the Fathom Business Events division during the first quarter of 2012.

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Administrative and other costs. Administrative and other costs increased \$1.1 million, or 3.6%, from \$30.4 million for the year ended December 29, 2011 to \$31.5 million for the year ended December 27, 2012. The increase was primarily due to \$1.6 million increase in performance bonus expense associated with the performance against internal goals, \$1.0 million increase in professional service fees primarily related to a one-time fee paid to consultants assisting us with the restructuring of the Fathom business, a \$1.1 million increase in salary and related employee expenses primarily related to software developers working on our new advertising proposal and inventory management systems, partially offset by a decline of \$2.2 million in stock-based compensation expense.

Depreciation and amortization. Depreciation and amortization expense increased \$1.6 million to \$20.4 million for the year ended December 27, 2012, compared to \$18.8 million for the year ended December 29, 2011 primarily from increased amortization expense recognized on intangible assets for new network affiliate agreements added during late 2011 and 2012.

Non-operating expenses. Total non-operating expenses for the year ended December 27, 2012 were \$99.8 million, an increase of 35.4%, from \$73.7 million for the 2011 period. The following table shows the non-operating expense breakout for the years ended December 27, 2012 and December 29, 2011 (in millions):

	Years Ended		\$ Change 2011 to 2012	% Change 2011 to 2012
	December 27, 2012	December 29, 2011		
Interest on borrowings	\$ 56.7	\$ 49.2	\$ 7.5	15.2%
Interest income	(0.4)	(0.3)	(0.1)	33.3%
Accretion of interest on the discounted payable to founding members under tax receivable agreement	10.0	15.1	(5.1)	(33.8%)
Change in derivative fair value	(3.0)	—	(3.0)	100.0%
Amortization of terminated derivatives	4.0	1.3	2.7	207.7%
Impairment on investment	—	6.7	(6.7)	(100.0%)
Loss on swap terminations	26.7	—	26.7	100.0%
Other non-operating expense	5.8	1.7	4.1	241.2%
Total non-operating expenses	<u>\$ 99.8</u>	<u>\$ 73.7</u>	<u>\$ 26.1</u>	35.4%

The increase in non-operating expenses was due primarily to a \$26.7 million loss on the termination of our interest rate swap agreement associated with the portion of our term loan that was paid down during the second quarter of 2012 with the proceeds from the issuance of our Senior Secured Notes. Additionally, the increase in non-operating expenses was due to a \$7.5 million increase in interest on borrowings due primarily to the issuance of Senior Unsecured Notes in July 2011 and to a lesser extent the issuance of our Senior Secured Notes in April 2012. Additionally, during the year ended December 29, 2011, we incurred an impairment charge of \$6.7 million that we did not incur during the year ended December 27, 2012.

Net income. Net income decreased \$18.1 million, or 57.5%, from \$31.5 million for the year ended December 29, 2011 to \$13.4 million for the year ended December 27, 2012. Our income tax expense increased \$7.3 million primarily due an adjustment to the measurement of our deferred tax asset and the long-term payable to our founding member liability's expected net realized tax benefit which included approximately \$9.6 million attributable to prior periods. Refer to Note 7 to the audited Consolidated Financial Statements. These decreases in net income were partially offset by a \$17.2 million decrease in net income attributable to noncontrolling interest due to lower NCM LLC net income during the periods.

Known Trends and Uncertainties

Trends and Uncertainties Related to our Business, Industry and Corporate Structure

The current macro-economic environment and its impact on the national television and local and regional advertising markets in general, presents uncertainties that could impact our results of operations, including the timing and amount of spending from our national advertising clients. The impact to our business associated with these issues will be mitigated somewhat over time due to factors including the expansion of our advertising network, the related increase in salable advertising impressions, growth in our advertising client base, the effectiveness of cinema advertising relative to other advertising mediums, and the technical quality of our network and inventory management systems. During 2013 and thus far in 2014, we have added seven new affiliate theatre circuits (with 303 screens) to our national network. In total, these contracted new affiliate theatres are expected to add approximately 8 million new attendees on a full-year pro-forma basis, which we expect will result in approximately 118 million new salable national advertising impressions (assuming 14 national advertising units of 30 seconds each). Our sales force integrates these additional impressions into the advertising sales process as they are added to our network and thus these attendees will provide the opportunity for expansion of our revenue, operating income and cash flow. We believe that the continued growth of our network will expand our national reach and geographic coverage will strengthen our selling proposition and competitive positioning versus other national and local television, video and other advertising platforms. In addition, during 2012 and 2013, NCM LLC's founding members acquired several of NCM LLC's affiliates making the majority of them a part of the founding members' network immediately with the remaining in the future as existing agreements with another cinema advertising provider expire (14 theatres with 223 screens in November 2018). NCM LLC pays a theatre access fee to its founding members, rather than affiliate payments. Theatre access fees are generally lower, as a percentage of revenue, than affiliate payments, which results in improved operating margins for the Company.

On December 26, 2013, NCM LLC sold its Fathom Events business to a newly formed limited liability company (AC JV, LLC) owned 32% by each of the founding members and 4% by NCM LLC. In consideration for the sale, NCM LLC received a total of \$25.0 million in promissory notes from its founding members (one-third or approximately \$8.3 million from each founding member). The notes bear interest at a fixed rate of 5.0% per annum, compounded annually. Interest and principal payments are due annually in six equal installments commencing on the first anniversary of the closing. Due to the related party nature of the transaction, we formed a committee of independent directors that hired a separate legal counsel and an investment banking firm who advised the committee and rendered an opinion as to the fairness of the transaction. NCM LLC deconsolidated Fathom Events and recognized a gain on the sale of approximately \$25.4 million (net of direct expenses) during the year ended December 26, 2013. NCM LLC amended and restated its existing ESAs with each of the founding members to remove those provisions addressing the rights and obligations related to the digital programming services of the Fathom Events business. These rights and obligations were conveyed to AC JV, LLC in connection with the sale. In connection with the sale, NCM LLC entered into a transition services agreement to provide certain corporate overhead services for a fee and reimbursement for the use of facilities and certain services including creative, technical event management and event management for the newly formed limited liability company for a period of nine months following the closing. In addition, NCM LLC entered into a services agreement with a term coinciding with the ESAs, which grants the newly formed limited liability company advertising on-screen and on our LEN and a pre-feature program prior to Fathom events reasonably consistent with what was previously dedicated to Fathom. In addition, the services agreement provides that we will assist with event sponsorship sales in return for a share of the sponsorship revenue. NCM LLC has also agreed to provide creative and media production services for a fee.

In 2013, we experienced a decline of 7.6% in national advertising CPMs (excluding beverage revenue) due primarily to the expansion of our client mix to new categories, more aggressive pricing strategies and increased competition. We expect this trend of decreasing CPMs to continue in 2014 as we further expand our client mix into client categories that have lower pricing expectations and the marketplace becomes more competitive due to the expansion of online and mobile video advertising platforms.

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Under the ESAs, up to 90 seconds of the *FirstLook* program can be sold to NCM LLC's founding members to satisfy their on-screen advertising commitments under their beverage concessionaire agreements. During 2013, we sold 60 seconds to NCM LLC's founding members. We expect to continue to sell 60 seconds of time to NCM LLC's founding members in 2014. During 2014, NCM LLC's founding members will be renegotiating their agreements with their beverage supplier, which could change the amount of advertising time that the circuits are required to buy from us to satisfy those agreements. Should the amount of time acquired as part of these beverage concessionaire arrangements decline, that time will be available for sale to other clients. Through 2011, this time was priced on a CPM basis, which increased each year as specified in the ESAs. Per the ESAs, beginning in 2012, this time is priced equal to the annual percentage change in the advertising CPM for the previous year charged by NCM LLC to unaffiliated third parties during segment one (closest to showtime) of the *FirstLook* pre-show, limited to the highest advertising CPM being then-charged by NCM LLC. Due to the lower CPMs that we realized in 2013, this will reduce the CPM on our beverage concessionaire revenue during 2014.

In consideration for NCM LLC's access to NCM LLC's founding members' theatre attendees for on-screen advertising and use of lobbies and other space within NCM LLC's founding members' theatres for the LEN and lobby promotions, NCM LLC's founding members receive a monthly theatre access fee under the ESAs. The theatre access fee is composed of a fixed payment per patron and a fixed payment per digital screen. The payment per theatre patron increases by 8% every five years, with the first such increase taking effect for fiscal year 2012, and the payment per digital screen increases annually by 5%. The theatre access fee paid in the aggregate to all founding members cannot be less than 12% of NCM LLC's aggregate advertising revenue (as defined in the ESA), or it will be adjusted upward to reach this minimum payment. Pursuant to ESAs, beginning on October 1, 2010 the theatre access fee paid to the members of NCM LLC included an additional fee for access to the higher quality digital cinema systems. This additional fee will continue to increase as additional screens are equipped with the new digital cinema equipment and the fee increases annually by 5%. As of December 26, 2013, 86% of our founding member network screens were showing advertising on digital cinema projectors.

Trends and Uncertainties Related to Liquidity and Financial Performance

During 2013 and 2012, we amended our senior secured credit facility and in 2012 and 2011, we issued new Senior Unsecured Notes and Senior Secured Notes. As a result of these transactions, we extended the average maturities of our debt by over six years to an average remaining maturity of 7.4 years as of December 26, 2013. Interest expense related to cash borrowings decreased approximately \$5.1 million for 2013 compared to 2012 related to these transactions. As of December 26, 2013, approximately 67% of our total borrowings bear interest at fixed rates. The remaining 33% of our borrowings bear interest at variable rates and as such, our net income and earnings per share could fluctuate with interest rate fluctuations related to our borrowings. Refer to Note 10 to the audited Consolidated Financial Statements included elsewhere in this document.

Our short-term marketable securities balance increased from \$34.2 million as of December 27, 2012 to \$71.2 as of December 26, 2013. The increase was due primarily to the Company purchasing more marketable securities with original maturities greater than three months, such that they are now classified as short-term marketable securities rather than cash equivalents. The Company purchased investments with longer maturities in order to increase its rate of return. As investments mature in 2014, the Company expects to continue to purchase securities with longer maturities in order to achieve higher rates of return.

As discussed in Note 7 to the audited Consolidated Financial Statements included elsewhere in this document, NCM LLC's fiscal year 2007 and 2008 tax returns were under examination by the IRS. On September 10, 2013, NCM LLC and NCM, Inc., in its capacity as tax matters partner for NCM LLC, received a "No Adjustments Letter" from the IRS which stated that the IRS completed its review of the NCM LLC tax returns for the fiscal years ended 2007 and 2008 and did not propose any adjustments to those tax returns. NCM, Inc. had previously contested adjustments proposed by the IRS through the administrative appeals process. The Company had not recorded any adjustment to its financial statements for this matter and as such there was no

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effect on the Company's financial statements for the years ended December 26, 2013, December 27, 2012 or December 29, 2011 related to the closure of these audits.

Our effective tax rate for the years ended December 26, 2013, December 27, 2012 and December 29, 2011 was 33.0%, 67.2% and 38.2%, respectively. Our tax rate is affected by recurring items and the relative amount of income that NCM, Inc. earns in various state and local jurisdictions. Our tax rate is also impacted by discrete items that may occur in any year. The decrease in tax rate for the year ended December 26, 2013 is primarily due to the reversal of a valuation allowance on a capital loss carryforward. The increase in tax rate for the year ended December 27, 2012 was primarily due an adjustment to the measurement of our long-term payable to our founding member liability's expected net realized tax benefit which included approximately \$9.6 million attributable to prior periods. Refer to Note 7 to the audited Consolidated Financial Statements included elsewhere in this document.

Trends Related to Ownership in NCM LLC

In accordance with NCM LLC's Common Unit Adjustment Agreement with its founding members, on an annual basis NCM LLC determines the amount of common membership units to be issued to or returned by the founding members based on theatre additions or dispositions during the previous year. During the first quarter of 2013, NCM LLC issued 4,536,014 common membership units to its founding members for the rights to exclusive access to net new theatre screens and attendees added by the founding members to NCM LLC's network during 2012. Of these units, 3,599,198 related to theatre acquisitions and 936,816 related to new theatres constructed, net of closures.

NCM LLC's Common Unit Adjustment Agreement also requires that a Common Unit Adjustment occur for a specific founding member if its acquisition or disposition of theatres, in a single transaction or cumulatively since the most recent Common Unit Adjustment, results in an attendance increase or decrease in excess of two percent of the annual total attendance at the prior adjustment date. During the second quarter of 2013, NCM LLC issued 5,315,837 common membership units to Cinemark for attendees added in connection with Cinemark's acquisition of Rave Cinemas and one other newly built theatre. During the fourth quarter of 2013, NCM LLC issued 3,372,241 common membership units to Regal for attendees added in connection with Regal's acquisition of Hollywood Theatres and three other newly built theatres.

During the third quarter of 2013, Regal exercised a redemption right of an aggregate 2,300,000 common membership units for a like number of shares of NCM, Inc.'s common stock. Such redemptions took place immediately prior to the closing of an underwritten public offering and the closing of an overallotment option. The Company did not receive any proceeds from the sale of its common stock by Regal. Refer to Note 9 to the audited Consolidated Financial Statements included elsewhere in this document. As a result, the Company recorded a net step-up in tax basis related to the investment in NCM LLC of \$10.5 million, which increased our deferred income tax expense by approximately \$0.1 million in 2013 based on an estimated tax rate of 38.8%. In addition, the accretion of interest on the discounted payable to founding members increased approximately \$0.1 million in 2013. In 2014, we expect deferred income tax expense and accretion of interest on the discounted payable to the tax receivable agreement to increase by \$0.3 million and \$0.2 million, respectively, due to the step-up in basis.

Overall, NCM Inc.'s ownership in NCM LLC decreased to 46.1% as of December 26, 2013 compared to 48.6% at December 27, 2012 due primarily to the above transactions which we expect to proportionally increase net income attributable to noncontrolling interests and decrease net income attributable to NCM, Inc.

Financial Condition and Liquidity

Liquidity

Our cash balances can fluctuate due to the seasonality of our business and related timing of collections of accounts receivable balances and operating expenditure payments, as well as available cash payments (as defined

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in the NCM LLC Operating Agreement) to NCM LLC's founding members, interest or principal payments on our term loan and the Senior Secured Notes and Senior Unsecured Notes, income tax payments, tax receivable agreement payments to NCM LLC's founding members and quarterly dividends to NCM, Inc.'s common stockholders.

A summary of our financial liquidity is as follows (in millions):

	Years Ended			\$ Change 2012 to 2013	\$ Change 2011 to 2012
	December 26, 2013	December 27, 2012	December 29, 2011		
Cash, cash equivalents and marketable securities (1)	\$ 126.0	\$ 106.6	\$ 98.1	\$ 19.4	\$ 8.5
Revolver availability (2)	104.0	110.0	75.0	(6.0)	35.0
Total	<u>\$ 230.0</u>	<u>\$ 216.6</u>	<u>\$ 173.1</u>	<u>\$ 13.4</u>	<u>\$ 43.5</u>

- (1) Included in cash and cash equivalents as of December 26, 2013, there was \$13.3 million of cash held by NCM LLC which is not available to satisfy NCM, Inc.'s obligations.
- (2) The revolving credit facility portion of NCM LLC's total borrowings is available, subject to certain conditions, for general corporate purposes of NCM LLC in the ordinary course of business and for other transactions permitted under the senior secured credit facility, and a portion is available for letters of credit. NCM LLC's total availability under the revolving credit facility is \$124.0 million. Of the total available, \$14.0 million outstanding principal of the revolving credit facility, formerly held by Lehman Brothers Holdings, Inc. ("Lehman"), will not be repaid in connection with any future prepayments of the revolving credit facility amounts, but rather Lehman's share of the revolving credit facility will be paid in full by NCM LLC to the successor lenders, along with any accrued and unpaid fees and interest, by the maturity date of December 31, 2014. As of December 26, 2013, there was an additional \$6.0 million drawn on the revolving credit facility.

We have generated and used cash as follows (in millions):

	Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011
Operating cash flow	\$ 153.1	\$ 81.6	\$ 161.8
Investing cash flow	\$ (55.9)	\$ (19.4)	\$ (53.1)
Financing cash flow	\$ (114.9)	\$ (55.7)	\$ (117.2)

Cash Flows—Years Ended December 26, 2013 and December 27, 2012

Operating Activities. The \$71.5 million increase in cash provided by operating activities for the year ended December 26, 2013 versus the year ended December 27, 2012 was primarily due to the absence of \$63.4 million of payments for interest rate swap terminations that were incurred in 2012, a \$11.9 million increase in other operating activities, an \$8.1 million lower payment to our founding members under the tax receivable agreement in 2013 due to a larger tax loss in 2012 and a \$5.8 million increase in income after non-cash items, partially offset by a \$21.5 million decrease in accounts receivable collections period over period primarily from the timing of collections in the period.

Investing Activities. The \$36.5 million increase in cash used in investing activities for the year ended December 26, 2013 compared to the year ended December 27, 2012 was due primarily to higher purchases of marketable securities, net of sales and maturities, of \$34.9 million and an increase of \$1.7 million in affiliate payments for the up-front fees paid upon commencement of certain network affiliate agreements.

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Financing Activities. The \$59.2 million increase in cash used in financing activities during the year ended December 26, 2013 compared to the year ended December 27, 2012 was due primarily to a decrease in cash proceeds from borrowings, net of payments, of \$74.0 million and an increase in distributions to NCM LLC's founding members of \$15.8 million, partially offset by greater proceeds from stock option exercises of \$18.1 million and \$10.6 million lower debt issuance costs.

Cash Flows—Years Ended December 27, 2012 and December 29, 2011

Operating Activities. The decrease in cash provided by operating activities for the year ended December 27, 2012 versus the 2011 period was primarily due to the \$63.4 million paid for the swap terminations and an increase in interest on borrowings.

Investing Activities. The cash used in investing activities for the year ended December 27, 2012 decreased compared to the year ended December 29, 2011. The decrease was attributable to lower capital expenditures of \$3.3 million and an increase in proceeds from the sale of marketable securities of \$30.5 million. Additionally, the purchases of intangible assets decreased by \$8.7 million. The decrease was partially offset by an \$8.8 million increase in purchases of marketable securities.

Financing Activities. The decrease in cash used for financing activities for the year ended December 27, 2012 versus the 2011 period was primarily due to an increase in cash proceeds from borrowings, net of payments of \$67.2 million related to the issuance of the Senior Secured Notes during the period and an increase in our term loan in the fourth quarter. Additionally, the distribution to NCM LLC's founding members decreased \$8.6 million from the period ended December 29, 2011 to the period ended December 27, 2012. The overall increase is partially offset by an increase of \$4.9 million in payments of our debt issuance costs.

Sources of Capital and Capital Requirements

NCM, Inc.'s primary source of liquidity and capital resources is the quarterly available cash distributions from NCM LLC as well as its existing cash balances and marketable securities, which as of December 26, 2013 were \$112.8 million (excluding NCM LLC). NCM LLC's primary sources of liquidity and capital resources are its cash provided by operating activities, availability under its revolving credit facility and cash on hand. Refer to Note 10 to the audited Consolidated Financial Statements included elsewhere in this document and "Financings" below for a detailed discussion of the debt transactions in 2012 and 2013.

Management believes that future funds generated from NCM LLC's operations and cash on hand should be sufficient to fund working capital requirements, NCM LLC's debt service requirements, and capital expenditure and other investing requirements, through the next twelve months. Cash flows generated by NCM LLC's distributions to NCM, Inc. and the founding members can be impacted by the seasonality of advertising sales, stock option exercises, interest on borrowings under our revolving credit agreement and to a lesser extent theatre attendance. NCM LLC is required pursuant to the terms of the NCM LLC Operating Agreement to distribute its available cash, as defined in the operating agreement, quarterly to its members (NCM LLC's founding members and NCM, Inc.). The available cash distribution to the members of NCM LLC for the year ended December 26, 2013 was \$193.4 million (\$89.6 million to NCM, Inc). NCM, Inc. expects to use cash received from the available cash distributions and its cash balances to fund income taxes, payments associated with the tax receivable agreement with NCM LLC's founding members and current and future dividends as declared by the Board of Directors, including a dividend declared on January 15, 2014 of \$0.22 per share (approximately \$12.9 million) on each share of the Company's common stock (not including outstanding restricted stock) to stockholders of record on March 6, 2014 to be paid on March 20, 2014. The Board of Directors also declared a special cash dividend on February 7, 2014 of \$0.50 per share (approximately \$29.3 million) on each share of the Company's common stock (not including outstanding restricted stock) to stockholders of record on March 6, 2014 to be paid on March 20, 2014. Distributions from NCM LLC and NCM, Inc. cash balances should be sufficient to fund the

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above listed items for the foreseeable future at the discretion of the Board of Directors dependent on anticipated cash needs, overall financial condition, future prospects for earnings, available cash and cash flows as well as other relevant factors.

Capital Expenditures

Capital expenditures of NCM LLC have typically been capitalized software upgrades for our DCS and advertising proposal and inventory management system being developed primarily by our programmers, equipment required for our NOC and content production and post-production facilities, office leasehold improvements, desktop equipment for use by our employees, and in certain cases, the costs necessary to digitize all or a portion of a network affiliate's theatres when they are added to our network. Capital expenditures for the year ended December 26, 2013 were \$10.6 million (including \$2.2 million associated with network affiliate additions) compared to \$10.4 million (including \$3.2 million associated with network affiliate additions) for the 2012 period. The capital expenditures have typically been satisfied through cash flow from operations. All capital expenditures related to the DCN within NCM LLC's founding members' theatres have been made by NCM LLC's founding members under the ESAs. We expect they will continue to be made by NCM LLC's founding members in accordance with the ESAs.

We expect to make approximately \$10.0 million to \$11.0 million of capital expenditures in fiscal 2014, primarily for upgrades to our DCS distribution software and our internal management systems, including our advertising inventory optimization, management and reporting systems, our internet site, mobile apps and network equipment related to currently contracted network affiliate theatres. We expect these upgrades and improvements to our management reporting systems, which are intended to provide additional advertising scheduling and placement flexibility for our clients, should enhance our operating efficiencies, including allowing us to better manage our advertising inventory, and prepare us for continued growth. Our capital expenditures may increase should we decide to add additional network affiliates to our network. We expect that additional expenditures, if any, would be funded in part by additional cash flows associated with those new network affiliates. The commitments associated with our operating lease requirements are included in "Contractual and Other Obligations" below.

Financings

NCM LLC's senior secured credit facility consists of a \$124.0 million revolving credit facility and a \$270.0 million term loan. On May 2, 2013, NCM LLC entered into an amendment of its senior secured credit facility whereby the facility was increased from \$265.0 million to \$270.0 million. In connection with the amendment, the interest rates on the revolving credit facility and term loans were reduced as described further in Note 10 to the audited Consolidated Financial Statements. In addition, NCM LLC recorded a non-cash charge of approximately \$0.5 million for the write-off of net deferred issuance costs associated with the prior agreement and recorded approximately \$0.7 million for certain new fees. The obligations under the facility are secured by a lien on substantially all of the assets of NCM LLC. On July 5, 2011, NCM LLC completed a private placement of \$200.0 million in aggregate principal amount of 7.875% Senior Unsecured Notes for which the registered exchange offering was completed on September 22, 2011. On April 27, 2012, NCM LLC completed a private placement of \$400.0 million in aggregate principal amount of 6.00% Senior Secured Notes for which the registered exchange offering was completed on November 26, 2012. For further information refer to Note 10 to the audited Consolidated Financial Statements located elsewhere in this document.

The senior secured credit facility contains a number of covenants and financial ratio requirements, with which NCM LLC was in compliance at December 26, 2013, including a consolidated net senior secured leverage ratio as of December 26, 2013 of 2.9 versus a covenant of 6.5 times for each quarterly period. NCM LLC is permitted to make quarterly dividend payments and other payments based on leverage ratios for NCM LLC and its subsidiaries so long as no default or event of default has occurred and continues to occur. The quarterly

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dividend payments and other distributions are made in the following percentages based on the consolidated net senior secured leverage ratios for NCM LLC and its subsidiaries:

- 100% of “Available Cash” as defined in the credit agreement if such consolidated net senior secured leverage ratio is less than or equal to 6.5 times.
- 75% of Available Cash if such consolidated net senior secured leverage ratio is less than or equal to 7.0 times but greater than 6.5 times.
- 50% of Available Cash if such consolidated net senior secured leverage ratio is less than or equal to 7.5 times but greater than 7.0 times.

There are no borrower distribution restrictions as long as NCM LLC’s consolidated net senior secured leverage ratio is below 6.5 times and NCM LLC is in compliance with its debt covenants. If there are limitations on the restricted payments, NCM LLC may not declare or pay any dividends, or make any payments on account of NCM LLC, or set aside assets for the retirement or other acquisition of capital stock of the borrower or any subsidiary, or make any other distribution for obligations of NCM LLC. When these restrictions are effective, NCM LLC may still pay the services fee and reimbursable costs pursuant to terms of the management agreement. NCM LLC can also make payments pursuant to the tax receivable agreement in the amount, and at the time necessary to satisfy the contractual obligations with respect to the actual cash tax benefits payable to NCM LLC’s founding members.

Critical Accounting Policies

The significant accounting policies of the Company are described in Note 1 to the audited Consolidated Financial Statements included elsewhere in this document. Certain accounting policies involve significant judgments, assumptions and estimates by management that have a material impact on the carrying value of certain assets and liabilities, which management considers critical accounting policies. The judgments, assumptions and estimates used by management are based on historical experience, knowledge of the accounts and other factors, which are believed to be reasonable under the circumstances and are evaluated on an ongoing basis. Because of the nature of the judgments and assumptions made by management, actual results could differ from these judgments and estimates, which could have a material impact on the carrying values of assets and liabilities and the results of operations of the Company.

Allowance for doubtful accounts. The allowance for doubtful accounts represents management’s estimate of probable credit losses inherent in its trade receivables, which represent a significant asset on the balance sheet. Estimating the amount of the allowance for doubtful accounts requires significant judgment and the use of estimates related to the amount and timing of estimated losses based on historical loss experience, consideration of current economic trends and conditions and debtor-specific factors, all of which may be susceptible to significant change. Account receivable balances are charged against the allowance, while recoveries of amounts previously charged are credited to the allowance. A provision for bad debt is charged to operations based on management’s periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from management estimates, additional provision for bad debt could be required that could adversely affect earnings or financial position in future periods.

Share-based compensation. The Company’s Equity Incentive Plan is treated as an equity plan under the provisions of Accounting Standards Codification ASC 718—*Compensation—Stock Compensation*, and the determination of fair value of options, restricted stock and restricted stock units for accounting purposes requires that management make complex estimates and judgments.

We estimate forfeitures when calculating share-based compensation expense which is based on management’s expectations of potential separation of employees. We also utilize the Black-Scholes option pricing model to estimate the fair value of our options. This model requires that the Company make estimates of

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various factors used, including expected life of the options, the risk-free interest rate, the expected volatility and our dividend yield. During 2013, we did not grant any stock options and instead granted restricted stock which we expect to continue in the future.

Certain of the restricted stock awards include performance vesting conditions, which permit vesting to the extent that the Company achieves specified non-GAAP targets at the end of the measurement period. Compensation expense is based on management's projections and the probability of achievement of those expectations, which requires considerable judgment. We record a cumulative adjustment to share-based compensation expense in periods that we change our estimate of the number of shares expected to vest. Additionally, we ultimately adjust the expense recognized to reflect the actual vested shares following the resolution of the performance conditions.

Income Taxes. We account for income taxes in accordance with ASC 740—*Income Taxes*, which requires an asset and liability approach to financial accounting and reporting for income taxes. Accordingly, deferred tax assets and liabilities arise from the differences between the tax basis of an asset or liability and its reported amount in the audited Consolidated Financial Statements. Deferred tax amounts are determined using the tax rates expected to be in effect when the taxes will actually be paid or refunds received, as provided under currently enacted tax law. Valuation allowances are to be established when necessary to reduce deferred tax assets to the amount expected to be realized. We currently have no valuation allowance against certain of our deferred tax assets. In addition, due to the basis differences resulting from our IPO-related transactions (including the tax receivable agreement with NCM LLC's founding members) and subsequent adjustments pursuant to the common unit adjustment agreement, we are required to make cash payments under the tax receivable agreement to NCM LLC's founding members in amounts equal to 90% of our actual tax benefit realized from the tax amortization of the basis difference for certain deferred assets noted above. The requirements of the tax receivable agreement, as amended, are highly technical and complex and involve management's judgment, including judgments to determine hypothetical tax outcomes exclusive of the IPO date transaction and agreements. If we were to fail to meet certain of the requirements of the tax receivable agreement, we could be subject to additional payments to taxing authorities or to NCM LLC's founding members. Refer to Note 7 to the audited Consolidated Financial Statements included elsewhere in this document.

Recent Accounting Pronouncements

For a discussion of the recent accounting pronouncements relevant to our business operations, refer to the information provided under Note 1 to the audited Consolidated Financial Statements included elsewhere in this document.

Related-Party Transactions

For a discussion of the related-party transactions, refer to the information provided under Note 9 to the audited Consolidated Financial Statements included elsewhere in this document.

Off-Balance Sheet Arrangements

Our operating lease obligations, which primarily include office leases, are not reflected on our balance sheet. Refer to "—Contractual and Other Obligations" for further detail. We do not believe these arrangements are material to our current or future financial condition, results of operations, liquidity, capital resources or capital expenditures.

Contractual and Other Obligations

Our contractual obligations as of December 26, 2013 were as follows:

	Payments Due by Period (in millions)				
	Within 1 fiscal year	1-3 fiscal years	3-5 fiscal years	Thereafter	Total
Borrowings (1)	\$ 14.0	\$ —	\$ 6.0	\$ 870.0	\$ 890.0
Future cash interest on borrowings (2)	49.2	101.9	111.4	138.5	401.0
Office leases	2.6	5.2	3.7	4.1	15.6
Network affiliate agreements (3)	9.9	19.9	9.9	2.7	42.4
Payable to founding members under tax receivable agreement (4)	28.6	47.2	47.2	49.6	172.6
Future interest on payable to founding members under tax receivable agreement (5)	13.9	28.2	28.8	66.7	137.6
Total contractual cash obligations	\$118.2	\$ 202.4	\$ 207.0	\$1,131.6	\$1,659.2

- (1) We have a \$124.0 million variable rate revolving credit facility of which \$20.0 million was outstanding as of December 26, 2013. Debt service requirements under this agreement depend on the amounts borrowed and the level of the base interest rate, in addition to a commitment fee on the unused portion of the revolving credit facility. Refer to further discussion of the secured credit facility under “—Financial Condition and Liquidity-Financings” above.
- (2) The amounts of future cash interest payments in the table above are based on the amount outstanding on the Senior Secured Notes, Senior Unsecured Notes, term loans and revolving credit facility, as well as estimated rates of interest over the term of the variable rate revolving credit facility and term loan. The Senior Unsecured Notes due in 2021 are at a fixed rate of 7.875%. The Senior Secured Notes due in 2022 are at a fixed rate of 6.00%. In addition, we have variable rate term loans and a revolving credit facility. Debt service requirements under this agreement depend on the amounts borrowed and the level of the base interest rate, in addition to a commitment fee on the unused portion of the revolving credit facility. Refer to further discussion of the secured credit facility under “—Financial Condition and Liquidity-Financings” above. In addition to the cash interest, we expect to amortize \$10.0 million and \$1.6 million in 2014 and 2015 respectively, related to our terminated interest rate swap agreements as discussed in Note 15 to the audited Consolidated Financial Statements included elsewhere in this document.
- (3) The value in this table represents the maximum potential payout under the revenue guarantees made by NCM LLC to its network affiliates. No revenue guarantee amounts have ever been paid under these agreements as such guarantees have been less than the revenue share calculations specified in the affiliate agreements, and no liabilities were recorded as of December 26, 2013. For additional details refer to the information provided under Note 13 to the audited Consolidated Financial Statements included elsewhere in this document.
- (4) The tax receivable agreement entered into at the completion of our IPO provides for the payment by us to NCM LLC’s founding members of 90% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of certain increases in our proportionate share of tax basis in NCM LLC’s tangible and intangible assets. The payments to NCM LLC’s founding members are based, in part, on actual annual income and as such, will vary based on our operating results. The value in the table represents the estimated amounts payable under the tax receivable agreement as of December 26, 2013.
- (5) The tax receivable agreement described in Note 4 above was discounted and recorded at present value. The value in the table represents the estimated accretion of interest on the discounted payable as of December 26, 2013.

The ESAs require payments based on a combination of NCM LLC founding member attendance, the number of digital screens of each NCM LLC founding member and the number of higher quality digital cinema

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systems of each NCM LLC founding member. The amount relating to the attendance factor will vary from quarter to quarter and year to year as theatre attendance varies, while the amount relating to the digital screens and digital cinema systems will also vary quarter to quarter and year to year as screens are converted to digital screens, other screens are added or removed through acquisition, divestiture or closure activities of NCM LLC's founding members and NCM LLC founding members convert to the higher quality digital cinema systems. The payments made to NCM LLC's founding members also will vary due to the escalation of the rates paid for each factor pursuant to the amended and restated ESAs. The rate per attendee increases 8% every five years, with the first such increase taking effect for fiscal year 2012, while the rate per digital screen and digital cinema system screen increase 5% annually. The table above does not include amounts payable under the ESAs as they are based on variable factors, which are not capable of precise estimation.

Seasonality

Our revenue and operating results are seasonal in nature, coinciding with the timing of marketing expenditures by our advertising clients and to a lesser extent the attendance patterns within the film exhibition industry. Both advertising expenditures and theatre attendance tend to be higher during the second, third, and fourth fiscal quarters. Advertising revenue is primarily correlated with new product releases, advertising client marketing priorities and economic cycles and to a lesser extent theatre attendance levels. The actual quarterly results for each quarter could differ materially depending on these factors or other risks and uncertainties. Based on our historical experience, our first quarter typically has less revenue than the other quarters of a given year due primarily to lower advertising client demand and lower theatre industry attendance levels. Accordingly, there can be no assurances that seasonal variations will not materially affect our results of operations in the future.

The following table reflects the quarterly percentage of total revenue for the fiscal years ended 2010, 2011, 2012 and 2013.

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
FY 2010	19.8%	23.2%	29.4%	27.6%
FY 2011	16.3%	26.2%	31.2%	26.3%
FY 2012	17.6%	24.5%	32.1%	25.8%
FY 2013	17.8%	26.5%	29.2%	26.5%

The following table reflects the quarterly percentage of total advertising revenue for the fiscal years ended 2010, 2011, 2012 and 2013.

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
FY 2010	17.9%	23.7%	31.0%	27.4%
FY 2011	15.3%	25.5%	32.9%	26.3%
FY 2012	16.2%	24.7%	33.7%	25.4%
FY 2013	17.3%	27.4%	29.9%	25.4%

Item 7A. **Quantitative and Qualitative Disclosures About Market Risk**

The primary market risk to which we are exposed is interest rate risk. The Senior Unsecured Notes and the Senior Secured Notes bear interest at fixed rates, and therefore are not subject to market risk. As of December 26, 2013, the interest rate risk that we are exposed to is related to our \$124.0 million revolving credit facility and our \$270.0 million term loan. A 100 basis point fluctuation in market interest rates underlying our term loan and revolving credit facility would have the effect of increasing or decreasing our cash interest expense by approximately \$2.9 million for an annual period on the \$20.0 million and \$270.0 million outstanding as of December 26, 2013 on our revolving credit facility and term loan, respectively.

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Item 8. Financial Statements and Supplementary Data

Refer to Index to Financial Statements and Supplemental Information on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Effectiveness of Disclosure Controls and Procedures. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the SEC under the Exchange Act, as amended, is recorded, processed, summarized and reported within the time periods specified by the Commission's rules and forms, and that information is accumulated and communicated to our management, including the Chief Executive Officer (principal executive officer) and Senior Vice President, Finance and Interim Co-Chief Financial Officer (principal financial officer) as appropriate to allow timely decisions regarding required disclosure. As of December 26, 2013, our management evaluated, with the participation of the Chief Executive Officer and Senior Vice President, Finance and Interim Co-Chief Financial Officer, the effectiveness of the Company's disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, the Company's management concluded that the Company's disclosure controls and procedures as of December 26, 2013 were effective.

Management's Annual Report on Internal Control over Financial Reporting. Management is responsible for establishing and maintaining, and has established and maintains, adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). As of December 26, 2013, our management evaluated, with the participation of the Chief Executive Officer (principal executive officer) and Senior Vice President, Finance and Interim Co-Chief Financial Officer (principal financial officer), the effectiveness of the Company's internal control over financial reporting based on the framework in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, the Company's management concluded that the Company's internal control over financial reporting as of December 26, 2013 was effective.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of our internal control over financial reporting as of December 26, 2013 has been attested by the Company's registered public accounting firm, Deloitte & Touche LLP, as stated in its report, which appears herein.

Changes in Internal Control over Financial Reporting.

The Company implemented a new general ledger system during the quarter ended December 26, 2013. The Company evaluated the design of the internal control over financial reporting prior to implementation and tested these controls during the quarter ended December 26, 2013.

There were no other changes in the Company's internal controls over financial reporting that occurred during the quarter ended December 26, 2013, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
National CineMedia, Inc.
Centennial, Colorado

We have audited the internal control over financial reporting of National CineMedia, Inc. and subsidiary (the “Company”) as of December 26, 2013, based on criteria established in *Internal Control—Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 26, 2013, based on the criteria established in *Internal Control—Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 26, 2013 of the Company and our report dated February 21, 2014 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP
Denver, Colorado
February 21, 2014

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item with respect to our directors is incorporated herein by reference from the Proxy Statement under the heading “Proposal 1- Election of Directors.”

The information required by this item regarding our executive officers is set forth in Part I of this Annual Report on Form 10-K under the heading “Executive Officers of the Registrant and is incorporated herein by this reference.”

Information regarding compliance with Section 16(a) of the Exchange Act by our directors and executive officers and holders of ten percent of a registered class of our equity securities is incorporated in this item by reference from the Proxy Statement under the heading “Section 16(a) Beneficial Ownership Reporting Compliance.”

Our Board adopted a Code of Business Conduct and Ethics that applies to all of our employees, including our board of directors, chief executive officer and principal financial officer. The Code of Business Conduct and Ethics sets forth the Company’s conflict of interest policy, records retention policy, insider trading policy and policies for protection of the Company’s property, business opportunities and proprietary information. Our Code of Business Conduct and Ethics is available free of charge on our website at *ncm.com* under the tab “Investor Relations—Corporate Governance.” We intend to post on our website any amendments to, or waivers from our Code of Business Conduct and Ethics applicable to senior financial executives.

Item 11. Executive Compensation

The information required by this item regarding compensation of executive officers and directors is incorporated herein by reference from the Proxy Statement under the heading “Compensation of Executive Officers.”

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

For information with respect to the security ownership of directors, executive officers and holders of more than 5% of a class of our voting securities, refer to the Proxy Statement under the heading “Beneficial Ownership,” which information is incorporated herein by reference.

For equity incentive plan information, refer to the Proxy Statement under the heading “Equity Incentive Plan Information,” which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

For information with respect to certain relationships and related transactions, refer to the Proxy Statement under the heading “Certain Relationships and Related Party Transactions,” which information is incorporated herein by reference.

For information with respect to director independence, refer to the Proxy Statement under the heading “Proposal 1—Election of Directors,” which information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item with respect to principal accounting fees and services is incorporated herein by reference from the Proxy Statement under the heading “Fees Paid to Independent Auditors.”

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) (1) and (a) (2) Financial statements and financial statement schedules

Refer to Index to Financial Statements on page F-1.

(b) Exhibits

Refer to Exhibit Index, beginning on page 48.

(c) Financial Statement Schedules

Financial Statement Schedules not included herein have been omitted because they are either not required, not applicable, or the information is otherwise included herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NATIONAL CINEMEDIA, INC.
(Registrant)

Dated: February 21, 2014

/s/ Kurt C. Hall
Kurt C. Hall
President and Chief Executive Officer
(Principal Executive Officer)

Dated: February 21, 2014

/s/ David J. Oddo
David J. Oddo
Senior Vice President, Finance and Interim Co-Chief Financial Officer
(Principal Financial Officer)

Dated: February 21, 2014

/s/ Jeffrey T. Cabot
Jeffrey T. Cabot
Senior Vice President, Controller and Interim Co-Chief Financial Officer
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Kurt C. Hall</u> Kurt C. Hall	President, Chief Executive Officer (Principal Executive Officer)	February 21, 2014
<u>/s/ David J. Oddo</u> David J. Oddo	Senior Vice President, Finance and Interim Co-Chief Financial Officer (Principal Financial Officer)	February 21, 2014
<u>/s/ Jeffrey T. Cabot</u> Jeffrey T. Cabot	Senior Vice President, Controller and Interim Co-Chief Financial Officer (Principal Accounting Officer)	February 21, 2014
<u>/s/ Lawrence A. Goodman</u> Lawrence A. Goodman	Director	February 21, 2014
<u>/s/ David R. Haas</u> David R. Haas	Director	February 21, 2014
<u>/s/ James R. Holland, Jr.</u> James R. Holland, Jr.	Director	February 21, 2014
<u>/s/ Stephen L. Lanning</u> Stephen L. Lanning	Director	February 21, 2014
<u>/s/ Edward H. Meyer</u> Edward H. Meyer	Director	February 21, 2014

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Amy E. Miles</u> Amy E. Miles	Director	February 21, 2014
<u>/s/ Lee Roy Mitchell</u> Lee Roy Mitchell	Director	February 21, 2014
<u>/s/ Craig R. Ramsey</u> Craig R. Ramsey	Director	February 21, 2014
<u>/s/ Scott N. Schneider</u> Scott N. Schneider	Director	February 21, 2014

INDEX TO EXHIBITS

<u>Exhibit</u>	<u>Reference</u>	<u>Description</u>
3.1	(1)	Amended and Restated Certificate of Incorporation.
3.2	(2)	Amended and Restated Bylaws.
4.1	(27)	Indenture, dated as of July 5, 2011, by and between National CineMedia, LLC and Wells Fargo Bank, National Association, as trustee.
4.2	(27)	Form of 7.875% Senior Notes due 2021 (included in Exhibit 10.13.2).
4.4	(34)	Indenture, dated as of April 27, 2012, by and between National CineMedia, LLC and Wells Fargo Bank, National Association, as trustee.
4.5	(34)	Form of 6.00% Senior Secured Notes due 2022 (included in Exhibit 4.4).
4.6	(35)	Registration Rights Agreement, dated as of April 27, 2012, by and between National CineMedia, LLC and Barclays Capital Inc., as representative of the Initial Purchasers named therein.
10.1	(3)	National CineMedia, LLC Third Amended and Restated Limited Liability Company Operating Agreement dated as of February 13, 2007, by and among American Multi-Cinema, Inc., Cinemark Media, Inc., Regal CineMedia Holdings, LLC and National CineMedia, Inc.
10.1.1	(19)	First Amendment to Third Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC dated as of March 16, 2009, by and among American Multi-Cinema, Inc., Cinemark Media, Inc., Regal CineMedia Holdings, LLC and National CineMedia, Inc.
10.1.2	(21)	Second Amendment to Third Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC dated as of August 6, 2010, by and among American Multi-Cinema, Inc., AMC Showplace Theatres, Inc., Cinemark Media, Inc., Regal CineMedia Holdings, LLC and National CineMedia, Inc.
10.1.3	(47)	Third Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC dated September 3, 2013, by and among American Multi-Cinema, Inc., AMC ShowPlace Theatres, Inc., Cinemark Media, Inc., Regal CineMedia Holdings, LLC, Regal Cinemas, Inc. and National CineMedia, Inc.
10.2	(3)	Exhibitor Services Agreement dated as of February 13, 2007, by and between National CineMedia, Inc. and American Multi-Cinema, Inc. (Confidential treatment granted as to certain portions, which portions were omitted and filed separately with the Commission.)
10.2.1	(15)	Amendment to Exhibitor Services Agreement dated as of November 5, 2008, by and between National CineMedia LLC and American Multi-Cinema, Inc. (Confidential treatment granted as to certain portions, which portions were omitted and filed separately with the Commission.)
10.2.2	(22)	Second Amendment to Exhibitor Services Agreement dated as of October 1, 2010, by and between National CineMedia, LLC and American Multi-Cinema, Inc. (Confidential treatment granted as to certain portions, which portions were omitted and filed separately with the Commission.)
10.2.3	(31)	Third Amendment to Exhibitor Services Agreement dated as of April 17, 2012, by and between National CineMedia, LLC and American Multi-Cinema, Inc.

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<u>Exhibit</u>	<u>Reference</u>	<u>Description</u>
10.2.4	*	Amended and Restated Exhibitor Services Agreement dated as of December 26, 2013, by and between National CineMedia, LLC and American Multi-Cinema, Inc. (Portions omitted pursuant to request for confidential treatment and filed separately with the Commission.)
10.3	(3)	Exhibitor Services Agreement dated as of February 13, 2007, by and between National CineMedia, Inc. and Cinemark USA, Inc. (Confidential treatment granted as to certain portions, which portions were omitted and filed separately with the Commission.)
10.3.1	(16)	Amendment to Exhibitor Services Agreement dated as of November 5, 2008, by and between National CineMedia LLC and Cinemark USA, Inc. (Confidential treatment granted as to certain portions, which portions were omitted and filed separately with the Commission.)
10.3.2	(23)	Second Amendment to Exhibitor Services Agreement dated as of October 1, 2010, by and between National CineMedia, LLC and Cinemark USA, Inc. (Confidential treatment granted as to certain portions, which portions were omitted and filed separately with the Commission.)
10.3.3	(32)	Third Amendment to Exhibitor Services Agreement dated as of April 17, 2012, by and between National CineMedia, LLC and Cinemark USA, Inc.
10.3.4	*	Amended and Restated Exhibitor Services Agreement dated as of December 26, 2013, by and between National CineMedia, LLC and Cinemark USA, Inc. (Portions omitted pursuant to request for confidential treatment and filed separately with the Commission.)
10.4	(3)	Exhibitor Services Agreement dated as of February 13, 2007, by and between National CineMedia, Inc. and Regal Cinemas, Inc. (Confidential treatment granted as to certain portions, which portions were omitted and filed separately with the Commission.)
10.4.1	(17)	Amendment to Exhibitor Services Agreement dated as of November 5, 2008, by and between National CineMedia LLC and Regal Cinemas, Inc. (Confidential treatment granted as to certain portions, which portions were omitted and filed separately with the Commission.)
10.4.2	(24)	Second Amendment to Exhibitor Services Agreement dated as of October 1, 2010, by and between National CineMedia, LLC and Regal Cinemas, Inc. (Confidential treatment granted as to certain portions, which portions were omitted and filed separately with the Commission.)
10.4.3	(33)	Third Amendment to Exhibitor Services Agreement dated as of April 17, 2012, by and between National CineMedia, LLC and Regal Cinemas, Inc.
10.4.4	*	Amended and Restated Exhibitor Services Agreement dated as of December 26, 2013, by and between National CineMedia, LLC and Regal Cinemas, Inc. (Portions omitted pursuant to request for confidential treatment and filed separately with the Commission.)
10.6	(3)	Common Unit Adjustment Agreement dated as of February 13, 2007, by and among National CineMedia, Inc., National CineMedia, LLC, Regal CineMedia Holdings, LLC, American Multi-Cinema, Inc., Cinemark Media, Inc., Regal Cinemas, Inc. and Cinemark USA, Inc. (Confidential treatment granted as to certain portions, which portions were omitted and filed separately with the Commission.)
10.7	(3)	Tax Receivable Agreement dated as of February 13, 2007, by and among National CineMedia, Inc., National CineMedia, LLC, Regal CineMedia Holdings, LLC, Cinemark Media, Inc., Regal Cinemas, Inc., American Multi-Cinema, Inc. and Cinemark USA, Inc.

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<u>Exhibit</u>	<u>Reference</u>	<u>Description</u>
10.7.1	(14)	Second Amendment to Tax Receivable Agreement dated as of April 29, 2008, by and among National CineMedia, Inc., National CineMedia, LLC, Regal CineMedia Holdings, LLC, Cinemark Media, Inc., Regal Cinemas, Inc., American Multi-Cinema, Inc. and Cinemark USA, Inc.
10.8	(3)	First Amended and Restated Loews Screen Integration Agreement by and between National CineMedia, LLC and American Multi-Cinema, Inc. (Confidential treatment granted as to certain portions, which portions were omitted and filed separately with the Commission.)
10.9	(3)	Second Amended and Restated Software License Agreement dated as of February 13, 2007, by and among American Multi-Cinema, Inc., Regal CineMedia Corporation, Cinemark USA, Inc., Digital Cinema Implementation Partners, LLC and National CineMedia, LLC.
10.10	(3)	Director Designation Agreement dated as of February 13, 2007, by and among National CineMedia, Inc., American Multi-Cinema, Inc., Cinemark Media, Inc. and Regal CineMedia Holdings, LLC.
10.11	(3)	Registration Rights Agreement dated as of February 13, 2007, by and among National CineMedia, Inc., American Multi-Cinema, Inc., Regal CineMedia Holdings, LLC and Cinemark Media, Inc.
10.12	(3)	Management Services Agreement dated as of February 13, 2007, by and among National CineMedia, Inc. and National CineMedia, LLC.
10.13	(41)	Amended and Restated Credit Agreement among National CineMedia, LLC and Barclays Bank PLC, as Lead Arranger dated as of November 26, 2012.
10.13.1	(42)	Amendment No. 4 to the Credit Agreement dated as of February 13, 2007, as amended, restated, modified or otherwise supplemented, among National CineMedia LLC and Barclays Bank PLC, as administrative agent dated as of November 26, 2012.
10.13.2	(46)	Amendment No. 5 to the Credit Agreement dated as of February 13, 2007, as amended, restated, modified or otherwise supplemented, among National CineMedia LLC, certain lenders party thereto and Barclays Bank PLC, as administrative agent dated as of May 2, 2013.
10.14	(3)	Employment Agreement dated as of February 13, 2007, by and among National CineMedia, Inc., National CineMedia, LLC and Kurt C. Hall. +
10.14.1	(18)	First Amendment to Employment Agreement effective as of January 1, 2009, by and among National CineMedia, Inc., National CineMedia, LLC and Kurt C. Hall. +
10.15	(3)	Employment Agreement dated as of February 13, 2007, by and among National CineMedia, Inc., National CineMedia, LLC and Clifford E. Marks. +
10.15.1	(18)	First Amendment to Employment Agreement effective as of January 1, 2009, by and among National CineMedia, Inc., National CineMedia, LLC and Clifford E. Marks. +
10.18	(3)	Employment Agreement dated as of February 13, 2007, by and among National CineMedia, Inc., National CineMedia, LLC and Ralph E. Hardy. +
10.18.1	(18)	First Amendment to Employment Agreement effective as of January 1, 2009, by and among National CineMedia, Inc., National CineMedia, LLC and Ralph E. Hardy. +
10.19	(45)	National CineMedia, Inc. 2007 Equity Incentive Plan, as amended. +

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<u>Exhibit</u>	<u>Reference</u>	<u>Description</u>
10.20	(4)	Form of Option Substitution Award. +
10.21	(5)	Form of Restricted Stock Substitution Award. +
10.22	(6)	Form of Stock Option Agreement. +
10.22.1	(18)	Form of 2009 Stock Option Agreement. +
10.22.2	(25)	Form of 2010 Stock Option Agreement. +
10.22.3	(30)	Form of 2011 Stock Option Agreement. +
10.22.4	(43)	Form of 2012 Stock Option Agreement. +
10.23	(7)	Form of Restricted Stock Agreement. +
10.23.1	(30)	Form of 2011 Restricted Stock Agreement. +
10.23.2	(43)	Form of 2012 Restricted Stock Agreement. +
10.23.3	(48)	Form of 2013 Restricted Stock Agreement (Time Based). +
10.23.4	(49)	Form of 2013 Restricted Stock Agreement (Performance Based). +
10.24	(8)	Confirmation of Swap, dated as of June 12, 2007, between National CineMedia, LLC and Morgan Stanley Capital Services Inc.
10.24.1	(37)	Confirmation of Partial Termination of Swap, dated May 21, 2012, between National CineMedia, LLC and Morgan Stanley Capital Services LLC.
10.24.2	(50)	Cancellation of Swap, dated November 26, 2012, between National CineMedia, LLC and Morgan Stanley Capital Services LLC.
10.25	(9)	ISDA Master Agreement dated as of March 2, 2007, between National CineMedia, LLC and Morgan Stanley Capital Services and Schedule.
10.27	(10)	Confirmation of Swap, dated as of July 25, 2007, between National CineMedia, LLC and Credit Suisse International.
10.27.1	(38)	Confirmation of Partial Termination of Swap, dated May 22, 2012, between National CineMedia, LLC and Credit Suisse International.
10.27.2	(50)	Cancellation of Swap, dated December 13, 2012, between National CineMedia, LLC and Credit Suisse International.
10.28	(11)	ISDA Master Agreement dated as of March 2, 2007, between National CineMedia, LLC and Credit Suisse International and Schedule.
10.29	(12)	Confirmation of Swap, dated as of August 6, 2007, between National CineMedia, LLC and JPMorgan Chase Bank, N.A.
10.29.1	(39)	Confirmation of Partial Termination of Swap, dated May 31, 2012, between National CineMedia, LLC and JPMorgan Chase Bank, N.A.
10.29.2	(50)	Cancellation of Swap, dated January 9, 2012, between National CineMedia, LLC and JPMorgan Chase Bank, N.A.
10.30	(13)	ISDA Master Agreement dated as of August 6, 2007, between National CineMedia, LLC and JPMorgan Chase Bank, N.A.
10.34	(18)	Form of Restricted Stock Unit Agreement. +

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<u>Exhibit</u>	<u>Reference</u>	<u>Description</u>
10.36	(25)	ISDA Novation Agreement dated as of February 4, 2010, between National CineMedia, LLC, Lehman Brothers Special Financing Inc. and Barclays Bank PLC.
10.37	(25)	Confirmation of Swap, dated as of February 16, 2010, between National CineMedia, LLC and Barclays Bank PLC.
10.37.1	(40)	Confirmation of Partial Termination of Swap, dated May 31, 2012, between National CineMedia, LLC and Barclays Bank PLC.
10.37.2	(50)	Cancellation of Swap, dated December 13, 2012, between National CineMedia, LLC and Barclays Bank PLC.
10.38	(20)	ISDA Master Agreement dated as of February 4, 2010 between National CineMedia, LLC and Barclays Bank PLC.
10.40	(26)	National CineMedia, Inc. 2011 Performance Bonus Plan. +
10.41	(29)	Employment Agreement dated as of August 24, 2011, by and among National CineMedia, Inc., National CineMedia, LLC and Earl B. Weihe. +
10.42	(36)	National CineMedia, Inc. 2013 Performance Bonus Plan. +
10.43	(44)	National CineMedia, Inc. Executive Performance Bonus Plan.
10.44	(51)	Employment Agreement dated as of January 15, 2014, by and among National CineMedia, Inc., National CineMedia, LLC and Alfonso P. Rosabal, Jr.
21.1	*	List of Subsidiaries.
23.1	*	Consent of Deloitte & Touche LLP.
31.1	*	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	*	Rule 13a-14(a) Certification of Principal Financial Officer
32.1	**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350
32.2	**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350
101.INS	*	XBRL Instance Document
101.SCH	*	XBRL Taxonomy Extension Schema Document
101.CAL	*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Furnished herewith.

+ Management contract.

- (1) Incorporated by reference to Exhibit 3.1 from the Registrant's Quarterly Report on Form 10-Q (File No. 001-33296) filed on May 6, 2011.
- (2) Incorporated by reference to Exhibit 4.2 from the Registrant's Registration Statement on Form S-8 (File No. 333-140652) filed on February 13, 2007.
- (3) Incorporated by reference to Exhibits of the same number from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on February 16, 2007.
- (4) Incorporated by reference to Exhibit 4.4 from the Registrant's Registration Statement on Form S-8 (File No. 333-140652) filed on February 13, 2007.

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- (5) Incorporated by reference to Exhibit 4.5 from the Registrant's Registration Statement on Form S-8 (File No. 333-140652) filed on February 13, 2007.
- (6) Incorporated by reference to Exhibit 4.6 from the Registrant's Registration Statement on Form S-8 (File No. 333-140652) filed on February 13, 2007.
- (7) Incorporated by reference to Exhibit 4.7 from the Registrant's Registration Statement on Form S-8 (File No. 333-140652) filed on February 13, 2007.
- (8) Incorporated by reference to Exhibit 10.1 from the Registrant's Quarterly Report on Form 10-Q (File No. 001-33296) filed on August 10, 2007.
- (9) Incorporated by reference to Exhibit 10.2 from the Registrant's Quarterly Report on Form 10-Q (File No. 001-33296) filed on August 10, 2007.
- (10) Incorporated by reference to Exhibit 10.1 from the Registrant's Quarterly Report on Form 10-Q (File No. 001-33296) filed on November 9, 2007.
- (11) Incorporated by reference to Exhibit 10.2 from the Registrant's Quarterly Report on Form 10-Q (File No. 001-33296) filed on November 9, 2007.
- (12) Incorporated by reference to Exhibit 10.3 from the Registrant's Quarterly Report on Form 10-Q (File No. 001-33296) filed on November 9, 2007.
- (13) Incorporated by reference to Exhibit 10.4 from the Registrant's Quarterly Report on Form 10-Q (File No. 001-33296) filed on November 9, 2007.
- (14) Incorporated by reference to Exhibit 10.1 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on May 5, 2008.
- (15) Incorporated by reference to Exhibit 10.1 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on November 6, 2008.
- (16) Incorporated by reference to Exhibit 10.2 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on November 6, 2008.
- (17) Incorporated by reference to Exhibit 10.3 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on November 6, 2008.
- (18) Incorporated by reference to Exhibits of the same number from the Registrant's Annual Report on Form 10-K (File No. 001-33296) filed on March 6, 2009.
- (19) Incorporated by reference to Exhibit 10.1.1 from the Registrant's Quarterly Report on Form 10-Q (File No. 001-33296) filed on August 7, 2009.
- (20) Incorporated by reference to Exhibit 10.1 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on April 14, 2010.
- (21) Incorporated by reference to Exhibit 10.1 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on August 10, 2010.
- (22) Incorporated by reference to Exhibit 10.1 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on October 6, 2010.
- (23) Incorporated by reference to Exhibit 10.2 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on October 6, 2010.
- (24) Incorporated by reference to Exhibit 10.3 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on October 6, 2010.
- (25) Incorporated by reference to Exhibits of the same number from the Registrant's Annual Report on Form 10-K (File No. 001-33296) filed on March 9, 2010.
- (26) Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on May 2, 2011.
- (27) Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on July 7, 2011.
- (28) Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on August 26, 2011.
- (29) Incorporated by reference to Exhibits of the same number from the Registrant's Annual Report on Form 10-K (File No. 001-33296) filed on February 25, 2011.
- (30) Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on April 18, 2012.

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- (31) Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on April 18, 2012.
- (32) Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on April 18, 2012.
- (33) Incorporated by reference to Exhibit 4.1 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on April 30, 2012.
- (34) Incorporated by reference to Exhibit 4.3 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on April 30, 2012.
- (35) Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on May 4, 2012.
- (36) Incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 8-K (File No. 001-33296) filed on August 3, 2012.
- (37) Incorporated by reference to Exhibit 10.8 to the Registrant's Quarterly Report on Form 8-K (File No. 001-33296) filed on August 3, 2012.
- (38) Incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 8-K (File No. 001-33296) filed on August 3, 2012.
- (39) Incorporated by reference to Exhibit 10.10 to the Registrant's Quarterly Report on Form 8-K (File No. 001-33296) filed on August 3, 2012.
- (40) Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on November 28, 2012.
- (41) Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on November 28, 2012.
- (42) Incorporated by reference to Exhibits of the same number from the Registrant's Annual Report on Form 10-K (File No. 001-33296) filed on February 24, 2012.
- (43) Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on May 2, 2013.
- (44) Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on May 2, 2013.
- (45) Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on May 7, 2013.
- (46) Incorporated by reference to Exhibit 10.1.3 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on September 9, 2013.
- (47) Incorporated by reference to Exhibit 10.23.5 to the Registrant's Annual Report on Form 10-K (File No. 001-33296) filed on February 22, 2013.
- (48) Incorporated by reference to Exhibit 10.23.6 to the Registrant's Annual Report on Form 10-K (File No. 001-33296) filed on February 22, 2013.
- (49) Incorporated by reference to Exhibits of the same number from the Registrant's Annual Report on Form 10-K (File No. 001-33296) filed on February 22, 2013.
- (50) Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on January 22, 2014.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
National CineMedia, Inc.
Centennial, Colorado

We have audited the accompanying consolidated balance sheets of National CineMedia, Inc. and subsidiary as of December 26, 2013 and December 27, 2012, and the related consolidated statements of income, comprehensive income, stockholders' equity/(deficit), and cash flows for the years ended December 26, 2013, December 27, 2012 and December 29, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of National CineMedia, Inc. and subsidiary as of December 26, 2013 and December 27, 2012, and the results of their operations and their cash flows for the years ended December 26, 2013, December 27, 2012 and December 29, 2011, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 26, 2013, based on the criteria established in *Internal Control—Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 21, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP
Denver, Colorado
February 21, 2014

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In millions, except share and per share data)**

	December 26, 2013	December 27, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 54.7	\$ 72.4
Short-term marketable securities	71.3	34.2
Receivables, net of allowance of \$5.7 and \$4.5, respectively	120.4	98.5
Prepaid expenses	3.1	2.4
Deferred tax assets	4.2	4.9
Income tax receivable	7.6	8.3
Current portion of notes receivable—founding members	4.2	—
Total current assets	<u>265.5</u>	<u>220.7</u>
NON-CURRENT ASSETS:		
Property and equipment, net of accumulated depreciation of \$69.5 and \$63.1, respectively	25.6	25.7
Intangible assets, net of accumulated amortization of \$48.7 and \$32.5, respectively	492.0	280.3
Deferred tax assets, net of valuation allowance of \$0.0 and \$3.3, respectively	244.2	264.3
Debt issuance costs, net of accumulated amortization of \$15.0 and \$12.2, respectively	17.7	18.3
Long-term notes receivable, net of current portion—founding members	20.8	—
Other investments (including \$1.1 and \$0.0 with related parties, respectively)	1.1	0.8
Other assets	0.4	0.4
Total non-current assets	<u>801.8</u>	<u>589.8</u>
TOTAL ASSETS	<u>\$ 1,067.3</u>	<u>\$ 810.5</u>
LIABILITIES AND EQUITY/(DEFICIT)		
CURRENT LIABILITIES:		
Amounts due to founding members	30.1	19.8
Payable to founding members under tax receivable agreement	28.6	19.6
Accrued expenses	19.7	18.5
Accrued payroll and related expenses	13.9	11.6
Accounts payable (including \$0.8 and \$0.9 to related party affiliates, respectively)	20.5	15.7
Deferred revenue	4.7	5.7
Deferred tax liability	—	0.2
Current portion of long-term debt	14.0	—
Total current liabilities	<u>131.5</u>	<u>91.1</u>
NON-CURRENT LIABILITIES:		
Long-term debt	876.0	879.0
Deferred tax liability	61.9	59.3
Payable to founding members under tax receivable agreement	144.0	137.5
Total non-current liabilities	<u>1,081.9</u>	<u>1,075.8</u>
Total liabilities	<u>1,213.4</u>	<u>1,166.9</u>
COMMITMENTS AND CONTINGENCIES (NOTE 13)		
EQUITY/(DEFICIT):		
NCM, Inc. Stockholders' Equity/(Deficit):		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding, respectively	—	—
Common stock, \$0.01 par value; 175,000,000 shares authorized, 58,519,137 and 54,486,259 issued and outstanding, respectively	0.6	0.5
Additional paid in capital (deficit)	(271.7)	(362.4)
Retained earnings (distributions in excess of earnings)	(80.0)	(70.5)
Accumulated other comprehensive loss	(3.2)	(6.7)
Total NCM, Inc. stockholders' equity/(deficit)	<u>(354.3)</u>	<u>(439.1)</u>
Noncontrolling interests	208.2	82.7
Total equity/(deficit)	<u>(146.1)</u>	<u>(356.4)</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,067.3</u>	<u>\$ 810.5</u>

Refer to accompanying notes to Consolidated Financial Statements.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except share and per share data)

	Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011
REVENUE:			
Advertising (including revenue from founding members of \$41.6, \$39.9 and \$38.2, respectively)	\$ 426.3	\$ 409.5	\$ 386.2
Fathom Events	36.5	39.3	49.2
Total	<u>462.8</u>	<u>448.8</u>	<u>435.4</u>
OPERATING EXPENSES:			
Advertising operating costs (including \$3.6, \$4.2 and \$3.4 to related parties, respectively)	29.0	31.3	24.6
Fathom Events operating costs (including \$5.3, \$5.9 and \$9.3 to founding members, respectively)	25.5	29.0	34.1
Network costs	19.4	19.8	18.6
Theatre access fees—founding members	69.4	64.5	55.4
Selling and marketing costs (including \$1.4, \$1.1 and \$1.1 to founding members, respectively)	61.5	60.5	59.8
Administrative and other costs	29.4	31.5	30.4
Depreciation and amortization	26.6	20.4	18.8
Total	<u>260.8</u>	<u>257.0</u>	<u>241.7</u>
OPERATING INCOME	<u>202.0</u>	<u>191.8</u>	<u>193.7</u>
NON-OPERATING EXPENSES:			
Interest on borrowings	51.6	56.7	49.2
Interest income	(0.4)	(0.4)	(0.3)
Accretion of interest on the discounted payable to founding members under tax receivable agreement	13.9	10.0	15.1
Change in derivative fair value	—	(3.0)	—
Amortization of terminated derivatives	10.3	4.0	1.3
Impairment of investment	0.8	—	6.7
Loss on swap terminations	—	26.7	—
Gain on sale of Fathom Events to founding members	(25.4)	—	—
Other non-operating expense	1.2	5.8	1.7
Total	<u>52.0</u>	<u>99.8</u>	<u>73.7</u>
INCOME BEFORE INCOME TAXES	150.0	92.0	120.0
Income tax expense	20.2	26.7	19.4
CONSOLIDATED NET INCOME	129.8	65.3	100.6
Less: Net income attributable to noncontrolling interests	88.6	51.9	69.1
NET INCOME ATTRIBUTABLE TO NCM, INC.	<u>\$ 41.2</u>	<u>\$ 13.4</u>	<u>\$ 31.5</u>
NET INCOME PER NCM, INC. COMMON SHARE:			
Basic	\$ 0.74	\$ 0.25	\$ 0.58
Diluted	\$ 0.73	\$ 0.24	\$ 0.58
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic	56,014,404	54,377,135	53,864,243
Diluted	56,628,457	55,026,771	54,634,697
Dividends declared per common share	<u>\$ 0.88</u>	<u>\$ 0.88</u>	<u>\$ 0.84</u>

Refer to accompanying notes to Consolidated Financial Statements.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011
CONSOLIDATED NET INCOME, NET OF TAX	\$ 129.8	\$ 65.3	\$ 100.6
OTHER COMPREHENSIVE INCOME, NET OF TAX:			
Amortization of terminated derivatives, net of tax of \$1.8, \$0.7 and \$0.2, respectively	8.5	3.3	1.1
Net unrealized gain on cash flow hedges, net of tax of \$0.0, \$5.7 and \$0.1, respectively	—	25.4	—
CONSOLIDATED COMPREHENSIVE INCOME	<u>138.3</u>	<u>94.0</u>	<u>101.7</u>
Less: Comprehensive income attributable to noncontrolling interests	<u>94.2</u>	<u>70.0</u>	<u>69.8</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO NCM, INC.	<u>\$ 44.1</u>	<u>\$ 24.0</u>	<u>\$ 31.9</u>

Refer to accompanying notes to Consolidated Financial Statements.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF EQUITY/ (DEFICIT)
(In millions, except share data)

	NCM, Inc.						
	Consolidated	Common Stock		Additional Paid in Capital (Deficit)	Retained Earnings (Distribution in Excess of Earnings)	Accumulated Other Comprehensive Loss	Noncontrolling Interest
		issued	Amount				
Balance—December 30, 2010	\$ (318.4)	53,549,477	\$ 0.5	\$ (373.3)	\$ (20.5)	\$ (17.5)	\$ 92.4
Distributions to members	(83.0)	—	—	—	—	—	(83.0)
NCM LLC equity returned for purchase of intangible asset	(5.5)	—	—	(2.7)	—	—	(2.8)
Income tax and other impacts of NCM LLC ownership changes	(11.7)	—	—	(13.7)	—	(0.2)	2.2
Comprehensive income, net of tax	101.7	—	—	—	31.5	0.4	69.8
Share-based compensation issued	3.9	385,128	—	3.9	—	—	—
Share-based compensation expense/capitalized	11.9	—	—	9.4	—	—	2.5
Excess tax benefit from share-based compensation	0.2	—	—	0.2	—	—	—
Cash dividends declared \$0.84 per share	(45.9)	—	—	—	(45.9)	—	—
Balance—December 29, 2011	<u>\$ (346.8)</u>	<u>53,934,605</u>	<u>\$ 0.5</u>	<u>\$ (376.2)</u>	<u>\$ (34.9)</u>	<u>\$ (17.3)</u>	<u>\$ 81.1</u>
Distributions to members	(76.8)	—	—	—	—	—	(76.8)
NCM LLC equity issued for purchase of intangible asset	10.1	—	—	4.9	—	—	5.2
Income tax and other impacts of NCM LLC ownership changes	2.9	—	—	1.9	—	—	1.0
Comprehensive income, net of tax	94.0	—	—	—	13.4	10.6	70.0
Share-based compensation issued	—	551,654	—	—	—	—	—
Share-based compensation expense/capitalized	9.2	—	—	7.0	—	—	2.2
Cash dividends declared \$0.88 per share	(49.0)	—	—	—	(49.0)	—	—
Balance—December 27, 2012	<u>\$ (356.4)</u>	<u>54,486,259</u>	<u>\$ 0.5</u>	<u>\$ (362.4)</u>	<u>\$ (70.5)</u>	<u>\$ (6.7)</u>	<u>\$ 82.7</u>
Distributions to founding members	(103.8)	—	—	—	—	—	(103.8)
NCM LLC equity issued for purchase of intangible asset	221.6	—	—	101.4	—	—	120.2
Income tax and other impacts of NCM LLC ownership changes	(19.5)	—	—	(33.2)	—	0.6	13.1
Issuance of shares	41.1	2,300,000	—	41.1	—	—	—
NCM, Inc. investment in NCM LLC	(41.3)	—	—	(41.3)	—	—	—
Comprehensive income, net of tax	138.3	—	—	—	41.2	2.9	94.2
Share-based compensation issued	18.6	1,732,878	0.1	18.5	—	—	—
Share-based compensation expense/capitalized	6.0	—	—	4.2	—	—	1.8
Cash dividends declared \$0.88 per share	(50.7)	—	—	—	(50.7)	—	—
Balance—December 26, 2013	<u>\$ (146.1)</u>	<u>58,519,137</u>	<u>\$ 0.6</u>	<u>\$ (271.7)</u>	<u>\$ (80.0)</u>	<u>\$ (3.2)</u>	<u>\$ 208.2</u>

Refer to accompanying notes to Consolidated Financial Statements.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Consolidated net income	\$ 129.8	\$ 65.3	\$ 100.6
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			
Deferred income tax expense	14.6	33.5	12.5
Depreciation and amortization	26.6	20.4	18.8
Non-cash share-based compensation	5.9	9.0	11.8
Excess tax benefit from share-based compensation	—	(0.1)	(0.2)
Accretion of interest on the discounted payable to founding members under tax receivable agreement	13.9	10.0	15.1
Net unrealized gain on hedging transactions	—	(3.0)	—
Impairment on investment	0.8	—	6.7
Amortization of terminated derivatives	10.3	4.0	1.3
Amortization of debt issuance costs	2.8	2.4	2.3
Write-off of debt issuance costs and other non-operating items	1.2	5.9	1.5
Loss on swap terminations	—	26.7	—
Gain on sale of Fathom Events	(26.0)	—	—
Payment for swap terminations	—	(63.4)	—
Changes in operating assets and liabilities:			
Receivables, net	(22.0)	(0.5)	1.9
Accounts payable and accrued expenses	6.6	4.0	6.8
Amounts due to founding members	0.9	(0.3)	(0.8)
Payment to founding members under tax receivable agreement	(10.1)	(18.2)	(18.0)
Income taxes and other	(2.2)	(14.1)	1.5
Net cash provided by operating activities	<u>153.1</u>	<u>81.6</u>	<u>161.8</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(10.1)	(10.4)	(13.5)
Purchases of marketable securities	(135.0)	(60.0)	(51.2)
Proceeds from sale and maturities of marketable securities	98.1	58.0	27.5
Payment from founding members for intangible assets	—	0.2	—
Purchases of intangible assets from affiliate circuits	(8.9)	(7.2)	(15.9)
Net cash used in investing activities	<u>(55.9)</u>	<u>(19.4)</u>	<u>(53.1)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of dividends	(49.2)	(48.7)	(45.3)
Proceeds from borrowings	59.0	546.0	335.0
Repayments of borrowings	(48.0)	(461.0)	(317.2)
Payment of debt issuance costs	(3.4)	(14.0)	(9.1)
Founding member integration payments	2.1	—	1.9
Distributions to founding members	(93.8)	(78.0)	(86.6)
Payment of offering costs and fees	(0.2)	—	—
Excess tax benefit from share-based compensation	—	0.1	0.2
Proceeds from stock option exercises	20.3	2.2	4.2
Repurchase of stock for restricted stock tax withholding	(1.7)	(2.3)	(0.3)
Net cash used in financing activities	<u>(114.9)</u>	<u>(55.7)</u>	<u>(117.2)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>(17.7)</u>	<u>6.5</u>	<u>(8.5)</u>
Cash and cash equivalents at beginning of period	72.4	65.9	74.4
Cash and cash equivalents at end of period	<u>\$ 54.7</u>	<u>\$ 72.4</u>	<u>\$ 65.9</u>
Supplemental disclosure of non-cash financing and investing activity:			
Purchase of an intangible asset with subsidiary equity	\$ 221.6	\$ 10.1	\$ (5.5)
Accrued distributions to founding members	\$ 31.0	\$ 20.9	\$ 22.1
Operating segment sold under notes receivable	\$ 25.0	\$ —	\$ —
Purchase of subsidiary equity with NCM, Inc. equity	\$ 41.1	\$ —	\$ —
Increase in cost and equity method investments	\$ 0.3	\$ 0.6	\$ 0.2
Increase in dividends not requiring cash in the period	1.5	0.3	0.6
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 49.3	\$ 50.7	\$ 39.2
Cash paid for income taxes, net of refunds	\$ 4.3	\$ 5.2	\$ 4.0

Refer to accompanying notes to Consolidated Financial Statements.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

National CineMedia, Inc. (“NCM, Inc.”) was incorporated in Delaware as a holding company with the sole purpose of becoming a member and sole manager of National CineMedia, LLC (“NCM LLC”), a limited liability company owned by NCM, Inc., American Multi-Cinema, Inc. and AMC Showplace Theatres, Inc. (“AMC”), wholly owned subsidiaries of AMC Entertainment, Inc. (“AMCE”), Regal Cinemas, Inc. and Regal CineMedia Holdings, LLC, wholly owned subsidiaries of Regal Entertainment Group (“Regal”) and Cinemark Media, Inc. (“Cinemark USA”), a wholly owned subsidiary of Cinemark Holdings, Inc. (“Cinemark”). The terms “NCM”, “the Company” or “we” shall, unless the context otherwise requires, be deemed to include the consolidated entity. The Company operates the largest digital in-theatre network in North America, allowing NCM to sell advertising (the “Services”) under long-term exhibitor services agreements (“ESAs”) with AMC, Regal and Cinemark. AMC, Regal and Cinemark and their affiliates are referred to in this document as “founding members.” NCM LLC also provides the Services to certain third-party theatre circuits under network affiliate agreements, referred to in this document as “network affiliates”, which expire at various dates.

As of December 26, 2013, NCM LLC had 126,974,805 common membership units outstanding, of which 58,519,137 (46.1%) were owned by NCM, Inc., 25,404,393 (20.0%) were owned by Regal, 23,998,505 (18.9%) were owned by Cinemark and 19,052,770 (15.0%) were owned by AMC. The membership units held by the founding members are exchangeable into NCM, Inc. common stock on a one-for-one basis.

On December 26, 2013, NCM LLC sold its Fathom Events business to a newly formed limited liability company owned 32% by each of the founding members and 4% by NCM LLC, as described further in Note 2—*Divestiture*.

Basis of Presentation

The Company has prepared its Consolidated Financial Statements and related notes of NCM, Inc. in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain reclassifications have been made to the prior years’ financial statements to conform to the current presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

As a result of the various related-party agreements discussed in Note 9—*Related Party Transactions*, the operating results as presented are not necessarily indicative of the results that might have occurred if all agreements were with non-related third parties.

Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those related to the reserve for uncollectible accounts receivable, share-based compensation, interest rate swaps and income taxes. Actual results could differ from those estimates.

Significant Accounting Policies

Accounting Period—We have a 52-week or 53-week fiscal year ending on the first Thursday after December 25. Fiscal years 2013, 2012 and 2011 contained 52 weeks. Throughout this document, we refer to our fiscal years as set forth below:

<u>Fiscal Year Ended</u>	<u>Reference in this Document</u>
December 26, 2013	2013
December 27, 2012	2012
December 29, 2011	2011

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Segment Reporting—Advertising is the principal business activity of the Company and is the Company’s reportable segment under the requirements of ASC 280—*Segment Reporting*. Fathom Events (prior to its sale) was an operating segment under ASC 280. The Company does not evaluate its segments on a fully allocated cost basis, nor does the Company track segment assets separately. As such, the results are not indicative of what segment results of operations would have been had it been operated on a fully allocated cost basis. The Company cautions that it would be inappropriate to assume that unallocated operating costs are incurred proportional to segment revenue or any directly identifiable segment expenses. Refer to Note 16—*Segment Reporting*.

Revenue Recognition—The Company derives revenue principally from the advertising business, which includes on-screen and lobby network (LEN) advertising and lobby promotions and advertising on entertainment websites and mobile applications owned by us and other companies. Revenue is recognized when persuasive evidence of an arrangement exists, delivery occurs or services are rendered, the sales price is fixed and determinable and collectability is reasonably assured. The Company considers the terms of each arrangement to determine the appropriate accounting treatment.

On-screen advertising consists of national and local advertising. National advertising is sold on a cost per thousand (“CPM”) basis, while local and regional advertising is sold on a per-screen, per-week basis. The Company recognizes national advertising as impressions (or theatre attendees) are delivered and recognizes local on-screen advertising revenue during the period in which the advertising airs. The Company recognizes revenue derived from lobby network and promotions when the advertising is displayed in theatre lobbies and recognizes revenue from branded entertainment websites and mobile applications when the online or mobile impressions are served. The Company may make contractual guarantees to deliver a specified number of impressions to view the customers’ advertising. If those contracted number of impressions are not delivered, the Company will either run additional advertising to deliver the contracted impressions at a later date. The deferred portion of the revenue associated with the undelivered impressions is referred to as a make-good provision. In rare cases, the Company will make a cash refund of the portion of the contract related to the undelivered impressions. The Company defers the revenue associated with the make-good until the advertising airs to the theatre attendance specified in the advertising contract. The make-good provision is recorded within accrued expenses in the Consolidated Balance Sheets. We record deferred revenue when cash payments are received in advance of being earned and is classified as a current liability as it is expected to be earned within the next twelve months. Fathom Events revenue was recognized in the period in which the event is held.

Barter Transactions—The Company enters into barter transactions that exchange advertising program time for products and services used principally for selling and marketing activities. The Company records barter transactions at the estimated fair value of the advertising exchanged based on fair value received for similar advertising from cash paying customers. Revenues for advertising barter transactions are recognized when advertising is provided, and products and services received are charged to expense when used. The Company limits the use of such barter transactions to items and services for which it would otherwise have paid cash. Any timing differences between the delivery of the bartered revenue and the use of the bartered expense products and services are recorded through accounts receivable. Revenue from barter transactions for the years ended December 26, 2013, December 27, 2012 and December 29, 2011 was \$1.9 million, \$3.0 million and \$1.6 million, respectively. Expense recorded from barter transactions for the years ended December 26, 2013, December 27, 2012 and December 29, 2011 was \$2.9 million, \$1.3 million and \$1.1 million, respectively.

Operating Costs—Advertising related operating costs primarily include personnel and other costs related to advertising fulfillment, payments due to unaffiliated theatre circuits under the network affiliate agreements, and to a lesser extent, production costs of non-digital advertising.

Fathom Events operating costs include revenue share under the ESAs to the founding members and revenue share to affiliate theatres under separate agreements, payments to event content producers and other direct costs of the meeting or event, including equipment rental, catering and movie tickets acquired primarily from the founding members.

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Payment to the founding members of a theatre access fee is comprised of a payment per theatre attendee, a payment per digital screen and a payment per digital cinema projector equipped in the theatres, all of which escalate over time. Refer to Item 7—*Management's Discussion and Analysis of Financial Condition and Results of Operations* included elsewhere in this document.

Network costs include personnel, satellite bandwidth, repairs, and other costs of maintaining and operating the digital network and preparing advertising and other content for transmission across the digital network. These costs are not specifically allocated between the advertising business and the Fathom Events business.

Cash and Cash Equivalents—All highly liquid debt instruments and investments purchased with an original maturity of three months or less are classified as cash equivalents and are considered available-for-sale securities. There are cash balances in a bank in excess of the federally insured limits or in the form of a money market demand account with a major financial institution.

Restricted Cash—As of December 26, 2013 and December 27, 2012, other non-current assets included restricted cash of \$0.3 million, which secures a letter of credit used as a lease deposit on our New York office.

Marketable Securities—Marketable securities are reported at fair value, with unrealized gains and losses recognized in earnings. The fair value of substantially all securities is determined by quoted market information and pricing models using inputs based upon market information, including contractual terms, market prices and yield curves. The estimated fair value of securities for which there are no quoted market prices is based on similar types of securities that are traded in the market.

Concentration of Credit Risk and Significant Customers—Bad debts are provided for based on historical experience and management's evaluation of outstanding receivables at the end of the period. Receivables are written off when management determines amounts are uncollectible. Trade accounts receivable are uncollateralized and represent a large number of geographically dispersed debtors. The collectability risk is reduced by dealing with large, national advertising agencies who have strong reputations in the advertising industry and clients with stable financial positions. As of December 26, 2013 and December 27, 2012, there were no advertising agency groups or individual customers through which the Company sources national advertising revenue representing more than 10% of the Company's outstanding gross receivable balance. During the years ended December 26, 2013, December 27, 2012 and December 29, 2011, there were no customers that accounted for more than 10% of revenue.

Receivables consisted of the following (in millions):

	As of	
	December 26, 2013	December 27, 2012
Trade accounts	\$ 124.5	\$ 101.8
Other	1.6	1.2
Less: Allowance for doubtful accounts	(5.7)	(4.5)
Total	<u>\$ 120.4</u>	<u>\$ 98.5</u>

Long-lived Assets—Property and equipment is stated at cost, net of accumulated depreciation or amortization. Generally, the equipment associated with the digital network of the founding member theatres is owned by the founding members, while the equipment associated with network affiliate theatres is owned by the Company. Major renewals and improvements are capitalized, while replacements, maintenance, and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. The Company records depreciation and amortization using the straight-line method over the following estimated useful lives:

Equipment	4-10 years
Computer hardware and software	3-5 years
Leasehold improvements	Lesser of lease term or asset life

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Software and website development costs developed or obtained for internal use are accounted for in accordance with ASC 350—*Internal Use Software* and ASC 350—*Website Development Costs*. The subtopics require the capitalization of certain costs incurred in developing or obtaining software for internal use. The majority of software costs related primarily to our inventory management systems and digital network distribution system (DCS) and website development costs, which are included in equipment, are depreciated over three to five years. As of December 26, 2013 and December 27, 2012, the Company had a net book value of \$10.9 million and \$10.4 million, respectively, of capitalized software and website development costs. Approximately \$6.1 million, \$4.1 million and \$4.8 million was recorded for the years ended December 26, 2013, December 27, 2012 and December 29, 2011, respectively, in depreciation expense related to software and website development. For the years ended December 26, 2013, December 27, 2012 and December 29, 2011, the Company recorded \$1.8 million, \$0.8 million and \$0.9 million in research and development expense, respectively.

The Company assesses impairment of long-lived assets pursuant with ASC 360—*Property, Plant and Equipment*. This includes determining if certain triggering events have occurred that could affect the value of an asset. The Company has not recorded impairment charges related to long-lived assets.

Intangible assets—Intangible assets consist of contractual rights to provide its services within the theatres of the founding members and network affiliates and are stated at cost, net of accumulated amortization. The Company records amortization using the straight-line method over the contractual life of the intangibles, corresponding to the term of the ESAs or the term of the contract with the network affiliate. Intangible assets are tested for impairment at least annually during the fourth quarter or whenever events or changes in circumstances indicate the carrying value may not be fully recoverable. In its impairment testing, the Company estimates the fair value of its ESAs or network affiliate agreements by determining the estimated future cash flows associated with the ESAs or network affiliate agreements. If the estimated fair value is less than the carrying value, the intangible asset is written down to its estimated fair value. Significant judgment is involved in estimating long-term cash flow forecasts. The Company has not recorded impairment charges related to intangible assets.

Other Investments—Other investments consisted of the following (in millions):

	As of	
	December 26, 2013	December 27, 2012
Investment in AC JV, LLC (1)	\$ 1.1	\$ —
Other investment (2)	—	0.8
Total	\$ 1.1	\$ 0.8

- (1) On December 26, 2013, NCM LLC sold its Fathom Events business into a newly formed limited liability company (AC JV, LLC) owned 32% by each of NCM LLC's founding members and 4% by NCM LLC, as described further in Note 2—*Divestiture*. The Company accounted for its investment in AC JV, LLC under the equity method of accounting in accordance with ASC 970-323 *Investments—Equity Method and Joint Ventures* ("ASC 970-323") because AC JV, LLC is a limited liability company with the characteristics of a limited partnership and ASC 970-323 requires the use of equity method accounting unless the Company's interest is so minor that it would have virtually no influence over partnership operating and financial policies. The Company concluded that its interest was more than minor under the accounting guidance despite the fact that NCM LLC does not have a representative on AC JV, LLC's Board of Directors or any voting, consent or blocking rights with respect to the governance or operations of AC JV, LLC. The Company's proportional share of equity in the investment will be recorded in the Consolidated Statements of Income.
- (2) During 2011, the Company received equity securities in a privately held company as consideration for an advertising contract. The equity securities are accounted for under the cost method and represent an ownership interest of less than 20%. The Company does not exert significant influence over the company's operating or financial activities. The Company recorded an impairment charge of \$0.8 million during the year ended December 26, 2013 to bring the fair value to \$0.0 million, as described below.

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The Company reviews investments accounted for under the cost and equity methods for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be fully recoverable. In order to determine whether the carrying value of investments may have experienced an “other-than-temporary” decline in value necessitating the write-down of the recorded investment, the Company considers various factors including the investee’s financial condition and quality of assets, the length of time the investee has been operating, the severity and nature of losses sustained in current and prior years, qualifications in accountant’s reports due to liquidity or going concern issues, investee announcements of adverse changes, downgrading of investee debt, regulatory actions, loss of principal customer, negative operating cash flows or working capital deficiencies and the record of an impairment charge by the investee for goodwill, intangible or long-lived assets. Once a determination is made that an other-than-temporary impairment exists, the Company writes down its investment to fair value. During the years ended December 26, 2013, December 27, 2012 and December 29, 2011, the Company recorded other-than-temporary impairment charges of \$0.8 million, \$0.0 million and \$6.7 million. The Company wrote-down these investments to a remaining fair value of \$0.0 million.

Amounts Due to/from Founding Members—Amounts due to/from founding members include amounts due for the theatre access fee, offset by a receivable for advertising time purchased by the founding members on behalf of their beverage concessionaire, revenue share earned for Fathom Events plus any amounts outstanding under other contractually obligated payments. Payments to or received from the founding members against outstanding balances are made monthly. Available cash distributions are made quarterly.

Income Taxes—Income taxes are accounted for under the asset and liability method, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which differences are expected to be recovered or settled pursuant to the provisions of ASC 740—*Income Taxes*. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records a valuation allowance if it is deemed more likely than not that all or a portion of its deferred income tax assets will not be realized, which will be assessed on an on-going basis. In addition, income tax rules and regulations are subject to interpretation and the application of those rules and regulations require judgment by the Company and may be challenged by the taxation authorities. The Company follows ASC 740-10-25, which requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. Only tax positions that meet the more likely than not recognition threshold are recognized. The Company’s unrecognized tax benefits or related interest and penalties are immaterial. Refer to Note 7—*Income Taxes*.

Debt Issuance Costs—In relation to the issuance of outstanding debt discussed in Note 10—*Borrowings*, there is a balance of \$17.7 million and \$18.3 million in deferred financing costs as of December 26, 2013 and December 27, 2012, respectively. The debt issuance costs are being amortized on a straight-line basis over the terms of the underlying obligations and are included in interest on borrowings, which approximates the effective interest method.

The changes in debt issuance costs are as follows (in millions):

	Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011
Beginning balance	\$ 18.3	\$ 12.6	\$ 7.3
Debt issuance payments	3.4	14.0	9.1
Amortization of debt issuance costs	(2.8)	(2.4)	(2.3)
Write-off of debt issuance costs	(1.2)	(5.9)	(1.5)
Ending balance	\$ 17.7	\$ 18.3	\$ 12.6

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Share-Based Compensation—In 2011 and 2012, the Company issued two types of share-based compensation awards: stock options and restricted stock. In 2013, the Company only issued restricted stock. Restricted stock vests upon the achievement of Company performance measures and service conditions or only service conditions. Compensation expense of restricted stock that vests upon the achievement of Company performance measures is based on management’s financial projections and the probability of achieving the projections, which require considerable judgment. A cumulative adjustment is recorded to share-based compensation expense in periods that management changes its estimate of the number of shares expected to vest. Ultimately, the Company adjusts the expense recognized to reflect the actual vested shares following the resolution of the performance conditions. Dividends (excluding extraordinary) are accrued quarterly on all unvested restricted stock and are only paid on shares that vest.

Compensation cost of stock options was based on the estimated grant date fair value using the Black-Scholes option pricing model, which requires that the Company make estimates of various factors. Under the fair value recognition provisions of ASC 718 *Compensation—Stock Compensation*, the Company recognizes share-based compensation net of an estimated forfeiture rate, and therefore only recognizes compensation cost for those shares expected to vest over the requisite service period of the award. Refer to Note 11—*Share-Based Compensation* for more information.

Fair Value Measurements—Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Inputs that are generally unobservable and typically reflect management’s estimate of assumptions that market participants would use in pricing the asset or liability.

Derivative Instruments—NCM LLC is exposed to various financial and market risks including changes in interest rates that exist as part of its ongoing operations. In 2012 and 2011, NCM LLC utilized certain interest rate swaps to manage these risks. In accordance with ASC 815—*Derivatives and Hedging*, the effective portion of changes in the fair value of a derivative that was designated as a cash flow hedge was recorded in Accumulated Other Comprehensive Income (“AOCI”) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Any ineffectiveness associated with designated cash flow hedges, as well as any change in the fair value of a derivative that is not designated as a hedge, was recorded immediately in the Consolidated Statements of Operations. Refer to Note 15—*Derivative Instruments and Hedging Activities*.

Consolidation—NCM, Inc. consolidates the accounts of NCM LLC under the provisions of ASC 810—Consolidation (“ASC 810”). Under ASC 810, a managing member of an LLC is presumed to control the LLC, unless the non-managing members have the right to dissolve the entity or remove the managing member, or if the non-managing members have substantive participating rights. The non-managing members of NCM LLC do not have either dissolution rights or removal rights. NCM, Inc. has evaluated the provisions of the NCM LLC membership agreement and has concluded that the various rights of the non-managing members are not substantive participation rights under ASC 810, as they do not limit NCM, Inc.’s ability to make decisions in the ordinary course of business.

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The table below presents the changes in NCM, Inc.'s equity resulting from net income attributable to NCM, Inc. and transfers to or from noncontrolling interests (in millions):

	Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011
Net income attributable to NCM, Inc.	\$ 41.2	\$ 13.4	\$ 31.5
NCM LLC equity issued for purchase of intangible asset	101.4	4.9	(2.7)
Income tax and other impacts of subsidiary ownership changes	(33.2)	1.9	(13.7)
NCM, Inc. investment in NCM LLC	(41.3)	—	—
Issuance of shares	41.1	—	—
Change from net income attributable to NCM, Inc. and transfers from noncontrolling interests	<u>\$ 109.2</u>	<u>\$ 20.2</u>	<u>\$ 15.1</u>

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2013-02, “Other Comprehensive Income (Topic 220)” (“ASU 2013-02”). The objective of ASU 2013-02 is to improve the reporting of reclassifications out of accumulated other comprehensive income. ASU 2013-02 seeks to attain that objective by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. generally accepted accounting principles (GAAP) to be reclassified in its entirety to net income in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. ASU 2013-02 was effective prospectively for the Company in its first quarter of 2013. The adoption ASU 2013-02 did not impact the Consolidated Financial Statements and the Company provided these disclosures in Note 15—*Derivative Instruments and Hedging Activities*.

In July 2013, the FASB issued Accounting Standards Update 2013-11, “Income Taxes (Topic 740)—Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists” (“ASU 2013-11”). The objective of ASU 2013-11 is to eliminate diversity in practice of presenting unrecognized tax benefits as a liability or presenting unrecognized tax benefits as a reduction of a deferred tax asset for a net operating loss or tax credit carryforward in certain circumstances by requiring that an unrecognized tax benefit be presented in the financial statements as a reduction to deferred tax assets excluding certain exceptions. ASU 2013-11 will be effective prospectively for the Company in its first quarter of 2014. The Company does not expect ASU 2013-11 to have a material effect on its financial statements because the guidance is consistent with the Company’s current practice.

The Company has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its audited Consolidated Financial Statements.

2. DIVESTITURE

On December 26, 2013, NCM LLC sold its Fathom Events business to a newly formed limited liability company (AC JV, LLC) owned 32% by each of the founding members and 4% by NCM LLC. In consideration for the sale, NCM LLC received a total of \$25.0 million in promissory notes from its founding members (one-third or approximately \$8.3 million from each founding member). The notes receivable bear interest at a fixed rate of 5.0% per annum, compounded annually. Interest and principal payments are due annually in six equal

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installments commencing on the first anniversary of the closing. Due to the related party nature of the transaction, NCM LLC formed a committee of independent directors that hired a separate legal counsel and an investment banking firm who advised the committee and rendered an opinion as to the fairness of the transaction. NCM LLC deconsolidated Fathom Events and recognized a gain on the sale of approximately \$26.0 million during the year ended December 26, 2013. The gain was measured as the difference between (a) the net fair value of the retained noncontrolling investment and the consideration received for the sale and (b) the carrying value of Fathom Events net assets (approximately \$0.1 million). NCM LLC recorded approximately \$0.6 million of expenses related to the sale, which were recorded as a reduction to the gain. Approximately \$1.1 million of the gain recognized related to the re-measurement of the Company's retained 4% interest in AC JV, LLC. The fair value of NCM LLC's retained noncontrolling investment of \$1.1 million was determined by applying NCM LLC's ownership percentage to the fair value of AC JV, LLC, which was valued using comparative market multiples. Under the terms of the agreement, the assets and liabilities related to Fathom events held prior to the sale were not assumed by the buyer and those pertaining to Fathom events held post-closing were transferred to the buyer.

Future minimum principal payments under the notes receivable as of December 26, 2013 are approximately as follows (in millions):

<u>Year</u>	<u>Minimum Principal Payments</u>
2014	\$ 4.2
2015	4.2
2016	4.2
2017	4.2
2018	4.1
Thereafter	4.1
Total	<u>\$ 25.0</u>

NCM LLC amended and restated its existing ESAs with each of the founding members to remove those provisions addressing the rights and obligations related to the digital programming services of the Fathom Events business. These rights and obligations were conveyed to AC JV, LLC in connection with the sale. In connection with the sale, NCM LLC entered into a transition services agreement to provide certain corporate overhead services for a fee and reimbursement for the use of facilities and certain services including creative, technical event management and event management for the newly formed limited liability company for a period of nine months following the closing. In addition, NCM LLC entered into a services agreement with a term coinciding with the ESAs, which grants the newly formed limited liability company advertising on-screen and on our LEN and a pre-feature program prior to Fathom events reasonably consistent with what was previously dedicated to Fathom. In addition, the services agreement provides that we will assist with event sponsorship sales in return for a share of the sponsorship revenue. NCM LLC has also agreed to provide creative and media production services for a fee.

Due to the Company's continuing equity method investment in the newly formed limited liability company, the operations of Fathom Events and the gain on the sale were recorded in continuing operations on the Consolidated Statements of Income. Refer to Note 1—*Basis of Presentation and Summary of Significant Accounting Policies* for further discussion of the investment.

3. EARNINGS PER SHARE

Basic earnings per share is computed on the basis of the weighted average number of common shares outstanding. Diluted earnings per share is computed on the basis of the weighted average number of common

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shares outstanding plus the effect of potentially dilutive common stock options, and restricted stock using the treasury stock method. The components of basic and diluted earnings per NCM, Inc. share are as follows:

	Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011
Net income attributable to NCM, Inc. (in millions)	\$ 41.2	\$ 13.4	\$ 31.5
Weighted average shares outstanding:			
Basic	56,014,404	54,377,135	53,864,243
Add: Dilutive effect of stock options and restricted stock	614,053	649,636	770,454
Diluted	56,628,457	55,026,771	54,634,697
Earnings per NCM, Inc. share:			
Basic	\$ 0.74	\$ 0.25	\$ 0.58
Diluted	\$ 0.73	\$ 0.24	\$ 0.58

The effect of the 63,718,411, 57,393,735 and 56,948,238, exchangeable NCM LLC common units held by the founding members for the years ended December 26, 2013, December 27, 2012, and December 29, 2011, respectively, have been excluded from the calculation of diluted weighted average shares and earnings per NCM, Inc. share as they were antidilutive. NCM LLC common units do not participate in dividends paid on NCM Inc.'s common shares. In addition, there were 30,358, 76,956 and 68,087 stock options and non-vested (restricted) shares for the years ended December 26, 2013, December 27, 2012, and December 29, 2011, respectively, excluded from the calculation as they were antidilutive, primarily because exercise prices associated with those shares were above the average market value. The Company's non-vested (restricted) shares do not meet the definition of a participating security as the dividends will not be paid if the shares do not vest.

4. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, at cost less accumulated depreciation (in millions):

	As of December 26, 2013	As of December 27, 2012
Equipment, computer hardware and software	\$ 90.2	\$ 84.3
Leasehold improvements	3.6	3.4
Less: Accumulated depreciation	(69.5)	(63.1)
Subtotal	24.3	24.6
Construction in progress	1.3	1.1
Total property and equipment	\$ 25.6	\$ 25.7

For the years ended December 26, 2013, December 27, 2012, and December 29, 2011, the Company recorded depreciation expense of \$10.4 million, \$8.7 million, and \$8.8 million, respectively.

5. INTANGIBLE ASSETS

The Company's intangible assets consist of contractual rights to provide its services within the theatres of the founding members and network affiliates. The Company records amortization using the straight-line method over the contractual life of the intangibles, corresponding to the term of the ESAs or the term of the contract with the network affiliate. The Company's intangible assets with NCM LLC's founding members are recorded at the fair market value of NCM, Inc.'s publicly traded stock as of the date on which the common membership units were issued. The NCM LLC common membership units are fully convertible into NCM, Inc.'s common stock.

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The Company also records intangible assets for up-front fees paid to network affiliates upon commencement of a network affiliate agreement. Pursuant to ASC 350-10—*Intangibles—Goodwill and Other*, the Company’s intangible assets have a finite useful life and the Company amortizes the assets over the remaining useful life corresponding with the ESAs or the term of the contract with the network affiliate. If common membership units are issued to a founding member for newly acquired theatres that are subject to an existing on-screen advertising agreement with an alternative provider, the amortization of the intangible asset commences after the existing agreement expires and NCM LLC can utilize the theatres for all of its services. In addition, if common membership units are issued to a founding member for theatres under an existing on-screen consulting agreement with an alternative provider, NCM LLC may receive payments from the founding member pursuant to the ESAs on a quarterly basis in arrears in accordance with certain run-out provisions (“integration payments”). Integration payments approximate the advertising cash flow that the Company would have generated if it had exclusive access to sell advertising in the theatres with pre-existing advertising agreements. The integration payments are recorded as a reduction to net intangible assets, and not as part of operating income.

In accordance with NCM LLC’s Common Unit Adjustment Agreement with its founding members, on an annual basis NCM LLC determines the amount of common membership units to be issued to or returned by the founding members based on theatre additions or dispositions during the previous year. In addition, NCM LLC’s Common Unit Adjustment Agreement requires that a Common Unit Adjustment occur for a specific founding member if its acquisition or disposition of theatres, in a single transaction or cumulatively since the most recent Common Unit Adjustment, results in an attendance increase or decrease of two percent or more in the total annual attendance of all founding members as of the last adjustment date.

The following is a summary of the Company’s intangible assets (in millions):

	As of December 27, 2012	Additions (1)	Amortization	Integration Payments (2)	As of December 26, 2013
Gross carrying amount	\$ 312.8	\$ 230.7	\$ —	\$ (2.8)	\$ 540.7
Accumulated amortization	(32.5)	—	(16.2)	—	(48.7)
Total intangible assets, net	<u>\$ 280.3</u>	<u>\$ 230.7</u>	<u>\$ (16.2)</u>	<u>\$ (2.8)</u>	<u>\$ 492.0</u>

	As of December 29, 2011	Additions (3)	Amortization	Integration Payments	As of December 27, 2012
Gross carrying amount	\$ 295.7	\$ 17.1	\$ —	\$ —	\$ 312.8
Accumulated amortization	(20.8)	—	(11.7)	—	(32.5)
Total intangible assets, net	<u>\$ 274.9</u>	<u>\$ 17.1</u>	<u>\$ (11.7)</u>	<u>\$ —</u>	<u>\$ 280.3</u>

- (1) During the first quarter of 2013, NCM LLC issued 4,536,014 common membership units to its founding members for the rights to exclusive access to net new theatre screens and attendees added by the founding members to NCM LLC’s network during 2012. NCM LLC recorded a net intangible asset of \$69.0 million in the first quarter of 2013 as a result of the Common Unit Adjustment. In June of 2013, NCM LLC issued 5,315,837 common membership units to Cinemark for attendees added in connection with Cinemark’s acquisition of Rave Cinemas and one other newly built theatre. NCM LLC recorded a net intangible asset of approximately \$91.2 million for this Common Unit Adjustment. In November 2013, NCM LLC issued 3,372,241 common membership units to Regal for attendees added in connection with Regal’s acquisition of Hollywood Theatres and three other newly built theatres. NCM LLC recorded a net intangible asset of approximately \$61.6 million for this Common Unit Adjustment. During 2013, the Company purchased intangible assets for \$8.9 million associated with network affiliate agreements.
- (2) Rave had pre-existing advertising agreements for some of the theatres it owned prior to the acquisition by Cinemark, as well as prior to the acquisition of certain Rave theatres by AMC in December 2012. As a

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result, AMC and Cinemark will make integration payments over the remaining term of those agreements. During the year ended December 26, 2013, NCM LLC recorded a reduction to net intangible assets of \$2.8 million related to integration payments due from AMC and Cinemark. During the year ended December 26, 2013, the founding members paid \$2.1 million in integration payments.

- (3) During the first quarter of 2012, NCM LLC issued 651,612 common membership units to its founding members for the rights to exclusive access to net new theatre screens and attendees added by the founding members to NCM LLC's network during 2011. NCM LLC recorded a net intangible asset of \$9.9 million in the first quarter of 2012 as a result of the common unit adjustment. In lieu of surrendering 16,727 units, AMC paid NCM LLC \$0.2 million in the first quarter of 2012.

During 2012, the Company purchased intangible assets for \$7.2 million associated with network affiliate agreements.

As of December 26, 2013 and December 27, 2012, the Company's intangible assets related to the founding members, net of accumulated amortization was \$463.4 million and \$258.7 million, respectively with weighted average remaining lives of 23.0 years and 23.6 years as of December 26, 2013 and December 27, 2012, respectively.

As of December 26, 2013 and December 27, 2012, the Company's intangible assets related to the network affiliates, net of accumulated amortization was \$28.6 and \$21.6 million, respectively with weighted average remaining lives of 15.8 years and 16.8 years as of December 26, 2013 and December 27, 2012, respectively.

For the years ended December 26, 2013, December 27, 2012 and December 29, 2011 the Company recorded amortization expense of \$16.2 million, \$11.7 million and \$10.0 million, respectively. The estimated aggregate amortization expense for each of the five succeeding years is as follows (in millions):

<u>Year</u>	<u>Amortization</u>
2014	\$ 20.2
2015	\$ 20.3
2016	\$ 20.3
2017	\$ 20.6
2018	\$ 21.5

6. ACCRUED EXPENSES

The following is a summary of the Company's accrued expenses (in millions):

	<u>As of December 26, 2013</u>	<u>As of December 27, 2012</u>
Make-good reserve	\$ 1.8	\$ 1.2
Accrued interest	12.7	12.9
Deferred rent	2.6	2.8
Other accrued expenses	2.6	1.6
Total accrued expenses	<u>\$ 19.7</u>	<u>\$ 18.5</u>

7. INCOME TAXES

On the IPO date, NCM, Inc. and the founding members entered into a tax receivable agreement. Under the terms of this agreement, NCM, Inc. will make cash payments to the founding members in amounts equal to 90% of NCM, Inc.'s actual tax benefit realized from the tax amortization of the intangible assets described below. For purposes of the tax receivable agreement, cash savings in income and franchise tax will be computed by comparing NCM, Inc.'s actual income and franchise tax liability to the amount of such taxes that NCM, Inc. would have been required to pay had there been no increase in NCM, Inc.'s proportionate share of tax basis in

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NCM LLC's tangible and intangible assets and had the tax receivable agreement not been entered into. The tax receivable agreement applies to NCM, Inc.'s taxable years up to and including the 30th anniversary date of the offering. The Company paid the founding members \$18.0 million in 2011 (\$0.9 million was for the 2010 taxable year and \$17.3 million was for the 2009 taxable year), \$18.2 million in 2012 (\$0.9 million was for the 2010 tax year and \$17.3 million for the 2011 tax year) and \$10.1 million in 2013 (\$0.9 million was for the 2011 tax year and \$9.2 million for the 2012 tax year).

The Company has provided total income taxes, as follows (in millions):

	Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011
Current:			
Federal	\$ 3.6	\$ (6.6)	\$ 6.2
State	1.9	(0.2)	0.7
Total current income tax expense/(benefit)	\$ 5.5	\$ (6.8)	\$ 6.9
Deferred:			
Federal	\$ 16.7	\$ 28.8	\$ 9.7
State	1.2	4.8	1.3
Total deferred income tax expense	\$ 17.9	\$ 33.6	\$ 11.0
Valuation allowance	(3.3)	(0.1)	1.5
Total income tax provision on consolidated statements of income	\$ 20.2	\$ 26.7	\$ 19.4
Income tax expense/(benefit) on other comprehensive income	\$ 1.8	\$ (6.7)	\$ 0.3

A reconciliation of the provision for income taxes as reported and the amount computed by multiplying income before taxes, less noncontrolling interest, by the U.S. federal statutory rate of 35% was (in millions):

	Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011
Provision calculated at federal statutory income tax rate:			
Income before income taxes	\$ 52.1	\$ 32.2	\$ 42.0
Less: Noncontrolling interests	(30.9)	(18.2)	(24.2)
Income attributable to NCM, Inc.	21.2	14.0	17.8
Out of period correction to enacted state rate	—	9.6	—
Current year change to enacted state rate	(1.2)	1.4	—
State and local income taxes, net of federal benefit	2.2	1.1	1.5
Change in valuation allowance	(3.3)	(0.1)	1.5
Other	1.3	0.7	(1.4)
Total income tax provision	\$ 20.2	\$ 26.7	\$ 19.4

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Significant components of the Company's deferred tax assets and deferred tax liability consisted of the following (in millions):

	Years Ended	
	December 26, 2013	December 27, 2012
Deferred tax assets:		
Investment in consolidated subsidiary NCM LLC (1)(2)(4)	\$ 233.4	\$ 252.0
Stock based compensation	6.6	9.2
Derivative instruments	2.1	4.1
Other	6.3	7.2
Total deferred tax assets	248.4	272.5
Valuation allowance	—	(3.3)
Total deferred tax assets, net of valuation allowance	\$ 248.4	\$ 269.2
Deferred tax liabilities:		
Discount on liability for income taxes payable to founding members under tax sharing agreement (3)(4)	\$ 53.3	\$ 51.3
Depreciation and amortization	3.4	3.8
Derivative instruments	2.2	4.2
Notes receivable	2.7	—
Other	0.3	0.2
Total deferred tax liabilities	\$ 61.9	\$ 59.5

- (1) NCM LLC made an election under Internal Revenue code ("IRC") §754 of the Internal Revenue Code to step-up the Company's outside basis in its share of NCM LLC's inside basis of assets under IRC §743(b) resulting in a deferred tax asset for the Company's acquired share of NCM LLC's assets. The majority of this deferred tax asset is attributable to intangible assets that are amortized over the remainder of the 15-year period for federal income tax purposes and accounted for as distributions under U.S. generally accepted accounting principles. The Company recorded additional step-up in tax basis as a result of subsequent payments made by NCM, Inc. to the founding members under the tax receivable agreement resulting from amortization of the IRC §743(b) adjustment.
- (2) For federal income tax purposes, an amortizable intangible asset was created on the tax-basis balance sheet of NCM LLC as a result of the founding members agreeing to modify NCM LLC's payment obligations under the ESAs and as a result of the common unit adjustments, which are further described in Note 5—*Intangible Assets*. The tax effect of NCM, Inc.'s share of the intangible asset is amortized over the remainder of the 30-year life for federal income tax purposes. Additionally, units issued under Common Unit Adjustments and subsequent payments to the founding members under the tax receivable agreement, create additional layers of tax basis amortized over the remaining period of the ESA. The ESA deferred tax asset was adjusted to reflect the changes in ownership that occurred during the year due to the common unit adjustments.
- (3) NCM, Inc. recorded a long-term payable to founding members related to the tax receivable agreement, which is recorded at its present value. The discount on this liability is a temporary difference that resulted in a deferred tax liability. The Company recorded accretion of interest on the discounted payable of \$13.1 million and \$10.0 million for the year ended December 26, 2013 and December 27, 2012, respectively.
- (4) During 2012, NCM, Inc. corrected errors in the blended state tax rate used to measure the net deferred tax asset "Investment in consolidated subsidiary NCM LLC". As a result of the correction to the deferred tax asset, the long-term payable to founding members' liability was also corrected. This is the discounted amount which is payable back to the founding members under the tax receivable agreement and represents 90% of the cash savings to NCM, Inc. from federal, state and local jurisdictions upon realization of

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amortization and other deductions specified under the tax receivable agreement. As a result of these out-of-period adjustments, the Company recorded a decrease of \$22.7 million to its deferred tax asset for its ownership interest in NCM LLC to reflect the tax effected difference between the tax basis and the book basis of these assets. In addition, the Company recorded a decrease of \$17.9 million in its long-term payable to founding members. The impact of these adjustments was a total out of period income statement impact of \$5.3 million which consisted of an adjustment to deferred tax expense of \$9.6 million offset by a reduction of tax receivable agreement interest expense of \$4.3 million.

As of December 26, 2013, the Company had gross state net operating loss carryforwards of approximately \$10.5 million, which expire at various dates between 2024 and 2032. As of December 26, 2013, the Company had gross capital loss carryforwards of approximately \$1.1 million, which expire in 2014. The Company reversed a valuation allowance it had against these capital loss carryforwards as some of the carryforwards were utilized in 2013 and we expect to use the remainder prior to their expiration.

The Company is subject to taxation in the U.S. and various states. NCM LLC's fiscal year 2007 and 2008 tax returns were under examination by the Internal Revenue Service ("IRS"). On September 10, 2013, NCM LLC and NCM, Inc., in its capacity as tax matters partner for NCM LLC, received a "No Adjustments Letter" from the IRS which stated that the IRS completed its review of the NCM LLC tax returns for the fiscal years ended 2007 and 2008 and did not propose any adjustments to those tax returns. NCM, Inc. had previously contested adjustments proposed by the IRS through the administrative appeals process. The Company had not recorded any adjustment to its financial statements for this matter and as such there was no effect on the Company's financial statements for the year ended December 26, 2013 related to the closure of these audits.

As of December 26, 2013 and December 27, 2012, there was no material liability or expense for the periods then ended recorded for payment of interest and penalties associated with uncertain tax positions or material unrecognized tax positions and the Company's unrecognized tax benefits were not material.

8. CAPITAL STOCK

As of December 26, 2013, the Company has authorized capital stock of 175,000,000 shares of common stock, par value of \$0.01 per share, and 10,000,000 shares of preferred stock, par value of \$0.01 per share. There were no shares of preferred stock issued or outstanding as of December 26, 2013. There were 58,519,137 shares of common stock issued and outstanding as of December 26, 2013.

The holders of NCM Inc. common stock are entitled to one vote per share on all matters submitted for action by the NCM Inc. stockholders. Holders of common stock are entitled to share equally, share for share, in declared dividends.

The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval. These additional shares may be used for a variety of corporate purposes, including share based compensation, future public offerings to raise additional capital, corporate acquisitions and exchange on a one-for-one basis under the founding members' right to convert their NCM LLC membership units into Company common stock.

9. RELATED PARTY TRANSACTIONS

Founding Member Transactions—Following is a summary of the transactions between the Company and the founding members (in millions):

	December 26, 2013	Years Ended December 27, 2012	December 29, 2011
Included in the Consolidated Statements of Income:			
Revenue:			
Beverage concessionaire revenue (included in Advertising revenue) (1)	\$ 41.4	\$ 39.7	\$ 38.0
Advertising inventory revenue (included in Advertising revenue) (2)	0.2	0.2	0.2
Operating expenses:			
Theatre access fee (3)	69.4	64.5	55.4
Revenue share from Fathom Events (included in Fathom Events operating costs) (4)	5.1	5.5	8.3
Purchase of movie tickets and concession products (included in Fathom Events operating costs) (5)	0.2	0.4	1.0
Purchase of movie tickets and concession products (included in Selling and marketing costs) (5)	1.4	1.1	1.1
Purchase of movie tickets and concession products (included in Advertising operating costs) (5)	0.2	—	—
Non-operating expenses:			
Gain on sale of Fathom Events (6)	25.4	—	—

- (1) For the years ended December 26, 2013, December 27, 2012 and December 29, 2011, the founding members purchased 60 seconds of on-screen advertising time (with a right to purchase up to 90 seconds) from NCM LLC to satisfy their obligations under their beverage concessionaire agreements at a specified 30 second equivalent CPM.
- (2) The value of such purchases is calculated by reference to NCM LLC's advertising rate card.
- (3) Comprised of payments per theatre attendee, payments per digital screen with respect to the founding member theatres included in the Company's network and payments for access to higher quality digital cinema equipment.
- (4) These payments are at rates (percentage of event revenue) included in the ESAs based on the nature of the event.
- (5) Used primarily for marketing to NCM LLC's advertising clients and marketing resale to Fathom Events customers.
- (6) Refer to discussion of Fathom sale in Note 2—*Divestiture*.

	December 26, 2013	December 27, 2012
Included in the Consolidated Balance Sheets:		
Current portion of note receivable—founding members (1)	4.2	—
Long-term portion of note receivable—founding members (1)	20.8	—
Investment in AC JV, LLC (2)	1.1	—
Common unit adjustments and integration payments, net of amortization (included in Intangible assets)	463.4	258.7
Current payable to founding members under tax sharing agreement	28.6	19.6
Long-term payable to founding members under tax sharing agreement	144.0	137.5

- (1) Refer to discussion of Fathom sale in Note 2—*Divestiture*.
- (2) Refer to Note 1—*Basis of Presentation and Summary of Significant Accounting Policies*.

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We have been granted a perpetual, royalty-free license from NCM LLC's founding members to use certain proprietary software for the delivery of digital advertising and other content through our DCN to screens in the U.S. We have made improvements to this software since the IPO date and we own those improvements, except for improvements that were developed jointly by us and NCM LLC's founding members.

Pursuant to the terms of the NCM LLC Operating Agreement in place since the completion of the IPO, NCM LLC is required to make mandatory distributions on a proportionate basis to its members of available cash, as defined in the NCM LLC Operating Agreement, on a quarterly basis in arrears. Mandatory distributions for the years ended December 26, 2013, December 27, 2012 and December 29, 2011 are as follows (in millions):

	Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011
AMC	\$ 29.8	\$ 23.1	\$ 25.3
Cinemark	36.9	24.2	25.5
Regal	37.1	29.5	32.2
NCM, Inc.	89.6	72.8	78.7
Total	<u>\$ 193.4</u>	<u>\$ 149.6</u>	<u>\$ 161.7</u>

The mandatory distributions of available cash by NCM LLC to its founding members for the quarter ended December 26, 2013 of \$31.0 million, is included in amounts due to founding members in the Consolidated Balance Sheets as of December 26, 2013 and will be made in the first quarter of 2014.

Amounts due to founding members as of December 26, 2013 were comprised of the following (in millions):

	AMC	Cinemark	Regal	Total
Theatre access fees, net of beverage revenues	\$ 0.6	0.7	1.1	\$ 2.4
Cost and other reimbursement	(2.0)	(0.7)	(0.6)	(3.3)
Distributions payable	8.7	10.9	11.4	31.0
Total	<u>\$ 7.3</u>	<u>\$ 10.9</u>	<u>\$ 11.9</u>	<u>\$ 30.1</u>

Amounts due to founding members as of December 27, 2012 were comprised of the following (in millions):

	AMC	Cinemark	Regal	Total
Theatre access fees, net of beverage revenues	\$ 0.6	\$ 0.6	\$ 0.9	\$ 2.1
Cost and other reimbursement	(1.1)	(0.7)	(1.4)	(3.2)
Distributions payable, net	6.3	6.6	8.0	20.9
Total	<u>\$ 5.8</u>	<u>\$ 6.5</u>	<u>\$ 7.5</u>	<u>\$ 19.8</u>

Common Unit Membership Redemption—The NCM LLC Operating Agreement provides a redemption right of the founding members to exchange common membership units of NCM LLC for shares of the Company's common stock on a one-for-one basis, or at the Company's option, a cash payment equal to the market price of one share of NCM, Inc. common stock. During the third quarter of 2013, Regal exercised the redemption right of an aggregate 2,300,000 common membership units for a like number of shares of common stock. Such redemptions took place immediately prior to the closing of an underwritten public offering and the closing of an over-allotment option. The Company did not receive any proceeds from the sale of its common stock by Regal. Pursuant to ASC 810-10-45, the Company accounted for the change in its ownership interest in NCM LLC as an equity transaction and no gain or loss was recognized in the Consolidated Statements of Income.

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The Company recorded a \$4.1 million deferred tax asset for its additional ownership interest in NCM LLC to reflect the tax effected difference between the tax basis and the book basis, the majority of which will be amortized over a 15-year period for federal income tax purposes. In addition, the Company recorded an increase of \$4.5 million in its long-term payable to founding members for the estimated payment to the founding members of 90% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the Company expects to realize as a result of the deferred tax asset, which is recorded at its present value. The discount on this liability is a temporary difference that resulted in an additional \$2.1 million deferred tax liability.

Digital Cinemas Integration Partners—NCM LLC had an agreement with Digital Cinema Integration Partners (“DCIP”), a joint venture owned by the founding members which was assigned to AC JV, LLC in connection with the sale of Fathom Events. This agreement provided for payment of a fee to DCIP whenever the digital cinema equipment is used to exhibit a Fathom event. Such fee per event showing during non-prime times (as defined in the agreements) and showing during prime times is a standard fee that is charged to all alternative content owners (including major studios) who display their programming on the digital cinema projectors. During the years ended December 26, 2013, December 27, 2012 and December 29, 2011, we paid DCIP approximately \$0.8 million, \$1.5 million and \$0.5 million, respectively, under this agreement. The DCIP Agreement was transferred as a part of the sale of the Fathom Events business.

Related Party Affiliates—NCM LLC enters into network affiliate agreements and Fathom agreements with network affiliates for NCM LLC to provide in-theatre advertising and Fathom Events at theatre locations that are owned by companies that are affiliates of certain of the founding members or directors of NCM, Inc. Related party affiliate agreements are entered into at terms that are similar to those of the Company’s other network affiliates.

The following is a summary of advertising operating costs in the Consolidated Statements of Income between the Company and its related party affiliates (in millions):

<u>Related Party Affiliate</u>	<u>Years Ended</u>		
	<u>December 26, 2013</u>	<u>December 27, 2012</u>	<u>December 29, 2011</u>
Starplex (1)	\$ 2.9	\$ 3.2	\$ 2.9
Other (2)	0.5	1.0	0.5
Total	<u>\$ 3.4</u>	<u>\$ 4.2</u>	<u>\$ 3.4</u>

The following is a summary of the accounts payable balance between the Company and its related party affiliates included in the Consolidated Balance Sheets (in millions):

<u>Related Party Affiliate</u>	<u>As of December 26, 2013</u>	<u>As of December 27, 2012</u>
	Starplex (1)	\$ 0.7
Other (2)	0.1	0.2
Total	<u>\$ 0.8</u>	<u>\$ 0.9</u>

(1) Starplex Operating L.P. (“Starplex”) is an affiliate of one of NCM, Inc.’s directors.

(2) Other affiliates include LA Live Cinemas LLC (“LA Live”), an affiliate of Regal, and Texas Cinemas, Corp., an affiliate of one of NCM, Inc.’s directors.

Other Transactions—NCM LLC has an agreement with an interactive media company, who is an affiliate of one of NCM Inc.’s directors, to sell some of its online inventory. During the year ended December 26, 2013, this company generated approximately \$0.6 million in revenue for NCM LLC and there was approximately \$0.6 million of accounts receivable due from this company as of December 26, 2013.

10. BORROWINGS

The following table summarizes NCM LLC's total outstanding debt as of December 26, 2013 and December 27, 2012 and the significant terms of its borrowing arrangements:

<u>Borrowings (\$ in millions)</u>	<u>Outstanding Balance as of</u>		<u>Maturity Date</u>	<u>Interest Rate</u>
	<u>December 26, 2013</u>	<u>December 27, 2012</u>		
Revolving Credit Facility	\$ 20.0	\$ 14.0	November 26, 2017 (1)	(2)
Term Loans	270.0	265.0	November 26, 2019	(2)
Senior Unsecured Notes	200.0	200.0	July 15, 2021	7.875%
Senior Secured Notes	400.0	400.0	April 15, 2022	6.000%
Total	\$ 890.0	\$ 879.0		
Less: current portion of long-term debt	(14.0)	—		
Long-term debt, less current portion	\$ 876.0	\$ 879.0		

(1) A portion of the revolving credit facility has a maturity date of December 31, 2014, as described in further detail below.

(2) The interest rates on the revolving credit facility and term loan are described below.

Senior Secured Credit Facility—NCM LLC's senior secured credit facility consists of a \$124.0 million revolving credit facility and a \$270.0 million term loan. On May 2, 2013, NCM LLC entered into an amendment of its senior secured credit facility whereby the facility was increased from \$265.0 million to \$270.0 million. In connection with the amendment, the interest rates on the revolving credit facility and term loans were reduced as described further below. In addition, NCM LLC recorded a non-cash charge of approximately \$0.5 million for the write-off of net deferred issuance costs associated with the prior agreement and recorded approximately \$0.7 million for certain new fees. The obligations under the senior secured credit facility are secured by a lien on substantially all of the assets of NCM LLC.

Revolving Credit Facility—The revolving credit facility portion of NCM LLC's total borrowings is available, subject to certain conditions, for general corporate purposes of NCM LLC in the ordinary course of business and for other transactions permitted under the senior secured credit facility, and a portion is available for letters of credit.

NCM LLC's total availability under the revolving credit facility is \$124.0 million. The unused line fee is 0.50% per annum. Of the total available, \$14.0 million outstanding principal of the revolving credit facility formerly held by Lehman Brothers Holdings, Inc. ("Lehman") will not be repaid in connection with any future prepayments of the revolving credit facility amounts, but rather Lehman's share of the revolving credit facility will be paid in full by NCM LLC to the successor lenders, along with any accrued and unpaid fees and interest by the maturity date of December 31, 2014. The maturity date applicable to the remaining outstanding principal is November 26, 2017.

Borrowings under the revolving credit facility bear interest at NCM LLC's option of either the LIBOR index plus an applicable margin or the base rate (Prime Rate or the Federal Funds Effective Rate, as defined in the senior secured credit facility) plus an applicable margin. The applicable margin for the revolving credit facility is determined quarterly and is subject to adjustment based upon a consolidated net senior secured leverage ratio for NCM LLC (the ratio of secured funded debt less unrestricted cash and cash equivalents, over a non-GAAP measure defined in the senior secured credit facility). On May 2, 2013, NCM LLC entered into an amendment of its senior secured credit facility whereby the applicable margins on the \$110.0 million portion of the revolving credit facility decreased by 25 basis points to the LIBOR index plus 2.00% or the base rate plus 1.00%. The margins on the \$14.0 million portion held by Lehman of the revolving credit facility remained unchanged at the LIBOR index plus 1.50% or the base rate plus 0.50%. The weighted-average interest rate on the outstanding balance on the revolving credit facility as of December 26, 2013 was 2.44%.

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Term Loans—In connection with the amendment of its senior secured credit facility on May 2, 2013, the interest rate on the term loans decreased by 50 basis points to a rate at NCM LLC’s option of either the LIBOR index plus 2.75% or the base rate (Prime Rate or the Federal Funds Effective Rate, as defined in the senior secured credit facility) plus 1.75%. The weighted-average interest rate on the term loans as of December 26, 2013 was 2.92%. Interest on the term loans is currently paid monthly.

The senior secured credit facility contains a number of covenants and financial ratio requirements, with which the NCM LLC was in compliance at December 26, 2013, including maintaining a consolidated net senior secured leverage ratio of 6.5 times on a quarterly basis. There are no borrower distribution restrictions as long as the NCM LLC’s consolidated net senior secured leverage ratio is below 6.5 times and NCM LLC is in compliance with its debt covenants. As of December 26, 2013, the NCM LLC’s consolidated net senior secured leverage ratio was 2.9 times (versus the covenant of 6.5 times).

Senior Unsecured Notes due 2021—On July 5, 2011, NCM LLC completed a private placement of \$200.0 million in aggregate principal amount of 7.875% Senior Unsecured Notes (“Senior Unsecured Notes”) for which the exchange offering was completed on September 22, 2011. The Senior Unsecured Notes have a maturity date of July 15, 2021 and pay interest semi-annually in arrears on January 15 and July 15 of each year, commencing January 15, 2012. The notes are subordinated to all existing and future secured debt, including indebtedness under the Company’s existing senior secured credit facility and the Senior Secured Notes defined below. The Senior Unsecured Notes contain certain covenants with which the Company was in compliance as of December 26, 2013.

Senior Secured Notes due 2022—On April 27, 2012, NCM LLC completed a private placement of \$400.0 million in aggregate principal amount of 6.00% Senior Secured Notes (the “Senior Secured Notes”). The Senior Secured Notes have a maturity date of April 15, 2022 and pay interest semi-annually in arrears on April 15 and October 15 of each year, which commenced October 15, 2012. The Senior Secured Notes are senior secured obligations of NCM LLC, rank the same as NCM LLC’s senior secured credit facility, subject to certain exceptions, and share in the same collateral that secures NCM LLC’s obligations under the senior secured credit facility. The Senior Secured Notes contain certain covenants with which the Company was in compliance as of December 26, 2013.

Future Maturities of Borrowings—The scheduled annual maturities on the Senior Secured Credit Facility and Senior Secured and Senior Unsecured Notes as of December 26, 2013 are as follows (in millions):

<u>Year</u>	<u>Amount</u>
2014	\$ 14.0
2015	—
2016	—
2017	6.0
2018	—
Thereafter	870.0
Total	<u>\$890.0</u>

11. SHARE-BASED COMPENSATION

The NCM, Inc. 2007 Equity Incentive Plan, as amended (the “Equity Incentive Plan”), reserves 12,876,000 shares of common stock available for issuance or delivery under the Equity Incentive Plan of which 4,371,729 remain available for future grants as of December 26, 2013. The types of awards that may be granted under the Equity Incentive Plan include stock options, stock appreciation rights, restricted stock, restricted stock units or other stock based awards. Stock options awarded under the Equity Incentive Plan are granted with an exercise price equal to the closing market price of NCM, Inc. common stock on the date the Company’s board of directors

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approves the grant. Upon vesting of the restricted stock awards or exercise of options, NCM LLC will issue common membership units to the Company equal to the number of shares of the Company's common stock represented by such awards. Options and restricted stock vest annually over a three or five-year period and options have either 10-year or 15-year contractual terms. A forfeiture rate of 5% was estimated to reflect the potential separation of employees. Certain option and share awards provide for accelerated vesting if there is a change in control, as defined in the Equity Incentive Plan. In addition, certain restricted stock awards include performance vesting conditions, which permit vesting to the extent that the Company achieves specified non-GAAP targets at the end of the measurement period. The length of the measurement period is two to three years. Restricted stock units granted to non-employee directors vest after approximately one year.

Compensation Cost—The Company recognized \$5.9 million, \$9.0 million and \$11.8 million for the years ended December 26, 2013, December 27, 2012 and December 29, 2011, respectively, of share-based compensation expense and \$0.1 million, \$0.2 million and \$0.2 million was capitalized during the years ended December 26, 2013, December 27, 2012 and December 29, 2011, respectively. No compensation expense was recorded for the 2011 non-vested restricted stock grants subject to performance conditions as the grants are not expected to vest due to the projected underperformance against the specified non-GAAP targets as of December 26, 2013. The income tax benefit recognized in the income statement for share-based compensation was approximately \$1.0 million, \$2.6 million, and \$3.2 million for the years ended December 26, 2013, December 27, 2012 and December 29, 2011, respectively. As of December 26, 2013, unrecognized compensation cost related to unvested options was approximately \$1.0 million, which will be recognized over a weighted average remaining period of 1.0 years. As of December 26, 2013, unrecognized compensation cost related to restricted stock and restricted stock units was approximately \$7.2 million, which will be recognized over a weighted average remaining period of 2.1 years.

Stock Options—A summary of option award activity under the Equity Incentive Plan as of December 26, 2013, and changes during the year then ended are presented below:

	<u>Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (in years)</u>	<u>Aggregate Intrinsic Value (in millions)</u>
Outstanding as of December 27, 2012	4,984,952	\$ 16.13		
Granted	—	—		
Exercised	(1,488,059)	13.69		
Forfeited	(333,530)	17.75		
Expired	(106,781)	19.79		
Outstanding as of December 26, 2013	3,056,582	\$ 17.02	6.8	\$ 9.6
Exercisable as of December 26, 2013	2,325,589	\$ 17.47	6.6	\$ 6.3
Vested and expected to vest as of December 26, 2013	3,044,836	\$ 17.02	6.8	\$ 9.5

The weighted average grant date fair value of granted options was \$4.1 and \$3.8 for the years ended December 27, 2012 and December 29, 2011, respectively. The intrinsic value of options exercised during the year was \$6.1 million, \$1.4 million and \$1.5 million for the years ended December 26, 2013, December 27, 2012 and December 29, 2011, respectively. The total fair value of awards vested during the years ended December 26, 2013, December 27, 2012 and December 29, 2011 was \$4.9 million, \$7.8 million and \$6.2 million, respectively.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing valuation model that uses the assumptions noted in the table below. Expected volatilities are based on implied volatilities from traded options on the Company's stock, historical volatility of the Company's stock, and other factors. The Company uses historical data to estimate option exercise and employee termination within the

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valuation model. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The following assumptions were used in the valuation of the options for the years ended December 26, 2013, December 27, 2012 and December 29, 2011:

	Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011
Expected term (in years)	(1)	6.0	6.0
Risk free interest rate	(1)	0.8%-1.1%	1.2%-2.4%
Expected volatility	(1)	53.2%-54.6%	30.0%-53.6%
Dividend yield	(1)	5.5%	3.8%-4.0%

(1) The Company did not grant stock options during the year ended December 26, 2013.

Restricted Stock and Restricted Stock Units—Under the non-vested stock program, common stock of the Company may be granted at no cost to officers, independent directors and employees, subject to requisite service and meeting financial performance targets, and as such restrictions lapse, the award vests in that proportion. The participants are entitled to cash dividends (excluding extraordinary) and to vote their respective shares (in the case of restricted stock), although the sale and transfer of such shares is prohibited and the shares are subject to forfeiture during the restricted period. Additionally, the accrued cash dividends for 2011, 2012 and 2013 grants are subject to forfeiture during the restricted period should the underlying shares not vest.

The weighted average grant date fair value of non-vested stock was \$15.17, \$13.23 and \$17.66 for the years ended December 26, 2013, December 27, 2012 and December 29, 2011, respectively. The total fair value of awards vested was \$7.5 million, \$6.9 million and \$1.8 million during the years ended December 26, 2013, December 27, 2012 and December 29, 2011, respectively.

As of December 26, 2013, the total number of restricted stock and restricted stock units that are ultimately expected to vest, after consideration of expected forfeitures and estimated vesting of performance-based restricted stock is 833,004.

A summary of restricted stock award and restricted stock unit activity under the Equity Incentive Plan as of December 26, 2013, and changes during the year then ended are presented below:

	Number of Restricted Shares and Restricted Stock Units	Weighted Average Grant-Date Fair Value
Non-vested balance as of December 27, 2012	1,707,128	\$ 15.30
Granted	918,548	15.17
Vested	(360,528)	16.88
Forfeited	(190,282)	15.95
Non-vested balance as of December 26, 2013	2,074,866	\$ 14.91

12. EMPLOYEE BENEFIT PLANS

The Company sponsors the NCM 401(k) Profit Sharing Plan (the "Plan") under Section 401(k) of the Internal Revenue Code of 1986, as amended, for the benefit of substantially all full-time employees. The Plan provides that participants may contribute up to 20% of their compensation, subject to Internal Revenue Service limitations. Employee contributions are invested in various investment funds based upon election made by the employee. The Company made discretionary contributions of \$1.0 million, \$1.0 million and \$0.9 million during the years ended December 26, 2013, December 27, 2012 and December 29, 2011, respectively.

13. COMMITMENTS AND CONTINGENCIES

Legal Actions—The Company is subject to claims and legal actions in the ordinary course of business. The Company believes such claims will not have a material effect on its financial position or results of operations.

Operating Commitments—The Company leases office facilities for its headquarters in Centennial, Colorado and also in various cities for its sales and marketing and software development personnel. Total lease expense for the years ended December 26, 2013, December 27, 2012 and December 29, 2011, was \$2.3 million, \$2.3 million and \$2.3 million, respectively. Future minimum lease payments under noncancelable operating leases as of December 26, 2013 are as follows (in millions):

<u>Year</u>	<u>Minimum Lease Payments</u>
2014	\$ 2.6
2015	2.6
2016	2.6
2017	2.0
2018	1.7
Thereafter	4.1
Total	<u>\$ 15.6</u>

Minimum Revenue Guarantees—As part of the network affiliate agreements entered in the ordinary course of business under which the Company sells advertising for display in various network affiliate theatre chains, the Company has agreed to certain minimum revenue guarantees on a per attendee basis. If a network affiliate achieves the attendance set forth in their respective agreement, the Company has guaranteed minimum revenue for the network affiliate per attendee if such amount paid under the revenue share arrangement is less than its guaranteed amount. The amount and term varies for each network affiliate, but terms range from three to 20 years, prior to any renewal periods of which some are at the option of the Company. The maximum potential amount of future payments the Company could be required to make pursuant to the minimum revenue guarantees is \$42.4 million over the remaining terms of the network affiliate agreements. As of December 26, 2013 and December 27, 2012, the Company had no liabilities recorded for these obligations as such guarantees are less than the expected share of revenue paid to the affiliate.

14. FAIR VALUE MEASUREMENTS

Non-Recurring Measurements—Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances. These assets include long-lived assets, intangible assets, cost and equity method investments, notes receivable and borrowings.

Long-Lived Assets, Intangible Assets, Other Investments and Notes Receivable—As described in Note 1— *Basis of Presentation and Summary of Significant Accounting Policies*, the Company regularly reviews long-lived assets (primarily property, plant and equipment), intangible assets, investments accounted for under the cost or equity method and notes receivable for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. When the estimated fair value is determined to be lower than the carrying value of the asset, an impairment charge is recorded to write the asset down to its estimated fair value.

As of December 26, 2013 and December 27, 2012, the Company had other investments of \$1.1 million and \$0.8 million, respectively. These investments are generally valued using comparative market multiples. As the inputs to the determination of fair value are based upon non-identical assets and use significant unobservable inputs, we have classified the assets as Level 3 in the fair value hierarchy.

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As of December 26, 2013, the Company had notes receivable totaling \$25.0 million from its founding members related to the sale of Fathom Events, as described in Note 2—*Divestiture*. These notes were valued using comparative market multiples and are classified as Level 3 in the fair value hierarchy as the inputs to the determination of fair value are based upon non-identical assets and use significant unobservable inputs.

Borrowings—The carrying amount of the revolving credit facility is considered a reasonable estimate of fair value due to its floating-rate terms. The estimated fair values of the Company’s financial instruments where carrying values do not approximate fair value are as follows (in millions):

(\$ in millions)	As of December 26, 2013		As of December 27, 2012	
	Carrying Value	Fair Value (1)	Carrying Value	Fair Value (1)
Term Loans	\$ 270.0	\$ 269.5	\$ 265.0	\$ 265.8
Senior Unsecured Notes	200.0	220.4	200.0	222.0
Senior Secured Notes	400.0	414.0	400.0	425.5

(1) The Company has estimated the fair value on an average of at least two non-binding broker quotes and the Company’s analysis. If the Company were to measure the borrowings in the above table at fair value on the balance sheet they would be classified as Level 2.

Recurring Measurements—The fair values of the Company’s assets and liabilities measured on a recurring basis pursuant to ASC 820-10 *Fair Value Measurements and Disclosures* are as follows (in millions):

	As of December 26, 2013	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS:				
Cash equivalents (1)	\$ 28.3	\$ —	\$ 28.3	\$ —
Short-term marketable securities (2)	71.3	4.5	66.8	—
Total assets	\$ 99.6	\$ 4.5	\$ 95.1	\$ —

	As of December 27, 2012	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS:				
Cash equivalents (1)	\$ 50.2	\$ 6.2	\$ 44.0	\$ —
Short-term marketable securities (2)	34.2	3.0	31.2	—
Total assets	\$ 84.4	\$ 9.2	\$ 75.2	\$ —

(1) *Cash Equivalents*—The Company’s cash equivalents are carried at estimated fair value. Cash equivalents consist of money market accounts which the Company has classified as Level 1 given the active market for these accounts and commercial paper with original maturities of three months or less, which are classified as Level 2 and are valued as described below.

(2) *Short-Term Marketable Securities*—The carrying amount and fair value of the marketable securities are equivalent since the Company accounts for these instruments at fair value. The Company’s government agency bonds and commercial paper are valued using third party broker quotes. The value of the Company’s

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government agency bonds is derived from quoted market information. The inputs in the valuation are generally classified as Level 1 given the active market for these securities; however if an active market does not exist, the inputs are recorded at a lower level in the fair value hierarchy. The value of commercial paper is derived from pricing models using inputs based upon market information, including contractual terms, market prices and yield curves. The inputs to the valuation pricing models are observable in the market, and as such are generally classified as Level 2 in the fair value hierarchy. For the years ended December 26, 2013 and December 27, 2012, there was an inconsequential amount of net realized gains (losses) recognized in interest income and an inconsequential amount of net unrealized holding gains (losses) included in other comprehensive income. Original cost of short term marketable securities is based on the specific identification method. As of December 26, 2013 and December 27, 2012, there were no gross unrealized losses related to individual securities that had been in a continuous loss position for 12 months or longer.

The amortized cost basis, aggregate fair value and maturities of the marketable securities the Company held as of December 26, 2013 and December 27, 2012 are as follows:

	As of December 26, 2013		
	Amortized Cost Basis (in millions)	Aggregate Fair Value (in millions)	Maturities (1) (in years)
MARKETABLE SECURITIES:			
Short-term municipal	\$ 4.5	\$ 4.5	0.2
Short-term commercial paper:			
Financial	50.3	50.3	0.3
Industrial	8.8	8.8	0.1
Utility	7.7	7.7	0.1
Total marketable securities	<u>\$ 71.3</u>	<u>\$ 71.3</u>	
	As of December 27, 2012		
	Amortized Cost Basis (in millions)	Aggregate Fair Value (in millions)	Maturities (1) (in years)
MARKETABLE SECURITIES:			
Short-term U.S. government agency bonds	\$ 3.0	\$ 3.0	0.7
Short-term commercial paper:			
Financial	25.1	25.1	0.2
Industrial	5.1	5.1	0.3
Municipal	1.0	1.0	—
Total marketable securities	<u>\$ 34.2</u>	<u>\$ 34.2</u>	

(1) *Maturities*—Securities available for sale include obligations with various contractual maturity dates some of which are greater than one year. The Company considers the securities to be liquid and convertible to cash within 30 days. The Company has the ability and intent to liquidate any security that the Company holds to fund operations over the next twelve months if necessary and as such has classified these securities as short-term.

15. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

During 2012, NCM LLC terminated interest rate swap agreements that were used to hedge its interest rate risk associated with its term loans. Following the termination of the swap agreements, the variable interest rate on NCM LLC's \$270.0 million term loans are unhedged and as of December 26, 2013 and December 27, 2012, the Company did not have any outstanding derivative assets or liabilities.

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During the year ended December 27, 2012, NCM LLC paid breakage fees of \$63.4 million which represented the settlement of NCM LLC's loss position on its interest rate swap agreements. The swaps were terminated with NCM LLC in a loss position and therefore, NCM LLC paid its counterparties the outstanding amounts due based upon the fair market value on that date. The Company accounted for the \$63.4 million in payments by recording a loss on swap terminations of \$26.7 million in the Consolidated Statements of Income, which related to swaps that hedged the interest payments on debt that was paid off during NCM LLC's refinancing. Since those future interest payments were no longer probable of occurring, the Company discontinued hedge accounting and immediately reclassified the balance in Accumulated Other Comprehensive Income ("AOCI") of \$26.7 million into earnings in accordance with ASC 815 *Derivatives and Hedging* ("ASC 815"). The remainder of the breakage fees, or \$36.7 million, was for swaps in which the underlying debt remained outstanding. The balance in AOCI related to these swaps was fixed and is being amortized into earnings over the remaining life of the original interest rate swap agreement, or February 13, 2015, as long as the debt remains outstanding. The Company considered the guidance in ASC 815 which states that amounts in AOCI shall be reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. As of December 26, 2013, there was approximately \$11.6 million outstanding related to these discontinued cash flow hedges which continues to be reported in AOCI. The Company estimates approximately \$10.0 million will be amortized to earnings in the next twelve months.

During the years ended December 27, 2012 and December 29, 2011, the Company also recorded changes in the fair value and amortization of AOCI related to an interest rate swap on its term loan in which the Company discontinued cash flow hedge accounting in 2008 due to the bankruptcy of its counterparty.

The effect of derivative instruments in cash flow hedge relationships on the audited Consolidated Financial Statements for the years ended December 26, 2013, December 27, 2012 and December 29, 2011 were as follows (in millions):

	Unrealized Gain Recognized in NCM, Inc.'s Other Comprehensive Income (Pre-tax)			Realized Loss Recognized in Interest on Borrowings (Pre-tax)		
	Years Ended			Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011	December 26, 2013	December 27, 2012	December 29, 2011
Interest Rate Swaps	\$ 10.3	\$ 26.0	\$ (18.1)	\$ —	\$ (9.1)	\$ (19.5)

The effect of derivatives not designated as hedging instruments under ASC 815 on the audited Consolidated Financial Statements for the years ended December 26, 2013, December 27, 2012 and December 29, 2011 were as follows (in millions):

Derivative Instruments not Designated as Hedging Instruments	Income Statement Location	Gain (Loss) Recognized in Non-Operating Expenses (Pre-tax)		
		Years Ended		
		December 26, 2013	December 27, 2012	December 29, 2011
Realized loss on derivative instruments	Interest on borrowings	\$ —	\$ (5.1)	\$ (6.5)
Gain from change in fair value on cash flow hedges	Change in derivative fair value	—	3.0	—
Amortization of AOCI on discontinued cash flow hedges	Amortization of terminated derivatives	(10.3)	(4.0)	(1.3)
Total		\$ (10.3)	\$ (6.1)	\$ (7.8)

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The changes in AOCI by component for the year ended December 26, 2013 were as follows (in millions):

	Year Ended December 26, 2013	Income Statement Location
Balance at beginning of period	\$ (6.7)	
Amounts reclassified from AOCI:		
Amortization on discontinued cash flow hedges	10.3	Amortization of terminated derivatives
Total amounts reclassified from AOCI	10.3	
Noncontrolling interest on reclassifications	(5.6)	
Tax effect on reclassifications	(1.8)	
Net other comprehensive income	2.9	
Impact of subsidiary ownership changes	0.6	
Balance at end of period	<u>\$ (3.2)</u>	

16. SEGMENT REPORTING

Advertising revenue accounted for 92.1%, 91.2% and 88.7%, of consolidated revenue for the years ended December 26, 2013, December 27, 2012 and December 29, 2011, respectively. The following table presents revenue, less directly identifiable expenses to arrive at income before income taxes for the advertising reportable segment, the combined Fathom Events operating segments, and network, administrative and unallocated costs. Refer to Note 1—*Basis of Presentation and Summary of Significant Accounting Policies*.

	Year Ended December 26, 2013 (in millions)			
	Advertising	Fathom Events	Network, Administrative and Unallocated Costs	Consolidated
Revenue	\$ 426.3	\$ 36.5	\$ —	\$ 462.8
Operating costs	98.4	25.5	19.4	143.3
Selling and marketing costs	56.1	3.6	1.8	61.5
Administrative and other costs	2.9	0.9	25.6	29.4
Depreciation and amortization	—	—	26.6	26.6
Interest and other non-operating costs	—	—	52.0	52.0
Income (loss) before income taxes	<u>\$ 268.9</u>	<u>\$ 6.5</u>	<u>\$ (125.4)</u>	<u>\$ 150.0</u>

	Year Ended December 27, 2012 (in millions)			
	Advertising	Fathom Events	Network, Administrative and Unallocated Costs	Consolidated
Revenue	\$ 409.5	\$ 39.3	\$ —	\$ 448.8
Operating costs	95.8	29.0	19.8	144.6
Selling and marketing costs	53.9	4.2	2.4	60.5
Administrative and other costs	2.6	0.8	28.1	31.5
Depreciation and amortization	—	—	20.4	20.4
Interest and other non-operating costs	—	—	99.8	99.8
Income (loss) before income taxes	<u>\$ 257.2</u>	<u>\$ 5.3</u>	<u>\$ (170.5)</u>	<u>\$ 92.0</u>

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	Year Ended December 29, 2011 (in millions)			
	Advertising	Fathom Events	Network, Administrative and Unallocated Costs	Consolidated
Revenue	\$ 386.2	\$ 49.2	\$ —	\$ 435.4
Operating costs	80.0	34.1	18.6	132.7
Selling and marketing costs	49.2	7.9	2.7	59.8
Administrative and other costs	2.6	0.8	27.0	30.4
Depreciation and amortization	—	—	18.8	18.8
Interest and other non-operating costs	—	—	73.7	73.7
Income (loss) before income taxes	<u>\$ 254.4</u>	<u>\$ 6.4</u>	<u>\$ (140.8)</u>	<u>\$ 120.0</u>

The following is a summary of revenue by category (in millions):

	Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011
National advertising revenue	\$ 295.0	\$ 288.7	\$ 267.6
Local advertising revenue	89.9	81.1	80.6
Founding member advertising revenue from beverage concessionaire agreements	41.4	39.7	38.0
Fathom Consumer revenue	34.4	34.2	35.0
Fathom Business revenue	2.1	5.1	14.2
Total revenue	<u>\$ 462.8</u>	<u>\$ 448.8</u>	<u>\$ 435.4</u>

17. VALUATION AND QUALIFYING ACCOUNTS

The Company's valuation allowance for doubtful accounts and deferred tax assets for the years ended December 26, 2013, December 27, 2012 and December 29, 2011 were as follows (in millions):

	Years Ended		
	December 26, 2013	December 27, 2012	December 29, 2011
ALLOWANCE FOR DOUBTFUL ACCOUNTS:			
Balance at beginning of period	\$ 4.5	\$ 4.3	\$ 3.7
Provision for bad debt	2.1	1.2	2.1
Write-offs, net	(0.9)	(1.0)	(1.5)
Balance at end of period	<u>\$ 5.7</u>	<u>\$ 4.5</u>	<u>\$ 4.3</u>
VALUATION ALLOWANCE ON DEFERRED TAX ASSETS:			
Balance at beginning of period	\$ 3.3	\$ 3.2	\$ 1.7
Valuation allowance (reversed) recorded	(3.3)	—	1.5
Adjustment	—	0.1	—
Balance at end of period	<u>\$ —</u>	<u>\$ 3.3</u>	<u>\$ 3.2</u>

18. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following represents selected information from the Company's unaudited quarterly Consolidated Statements of Income for the years ended December 26, 2013 and December 27, 2012 (in millions, except per share data):

2013	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	\$ 82.2	\$ 122.8	\$ 135.1	\$ 122.7
Operating expenses	60.6	64.8	67.7	67.7
Operating income	21.6	58.0	67.4	55.0
Consolidated net income (4)	1.9	32.0	42.3	53.6
(Loss) Net income attributable to NCM, Inc. (4)	(1.0)	9.5	13.7	19.0
(Loss) Earnings per NCM, Inc. share, basic (1)(4)	(0.02)	0.17	0.24	0.35
(Loss) Earnings per NCM, Inc. share, diluted (1)(4)	(0.02)	0.17	0.24	0.34
2012	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	\$ 79.1	\$ 110.1	\$ 143.7	\$ 115.9
Operating expenses	62.1	64.8	65.6	64.5
Operating income	17.0	45.3	78.1	51.4
Consolidated net income (loss) (2)(3)	0.7	(0.9)	49.0	16.5
(Loss) Net income attributable to NCM, Inc. (2)(3)	(0.9)	(1.9)	16.7	(0.5)
(Loss) Earnings per NCM, Inc. share, basic (1)(2)(3)	(0.02)	(0.03)	0.31	(0.01)
(Loss) Earnings per NCM, Inc. share, diluted (1)(2)(3)	(0.02)	(0.03)	0.30	(0.01)

- (1) Earnings per share in each quarter is computed using the weighted-average number of common shares outstanding during that quarter while earnings per share for the full year is computed using the weighted average number of common shares outstanding during the year.
- (2) During the second quarter of 2012, the Company recorded a loss of approximately \$26.7 million related to partial swap terminations. Refer to Note 15—*Derivative Instruments and Hedging Activities*.
- (3) During the fourth quarter of 2012, the Company recorded adjustments to the measurement of the deferred tax assets and the long-term payable to the founding member liability's expected net realized tax benefit. The net amount of these adjustments was \$6.2 million. Refer to Note 7—*Income Taxes*.
- (4) During the fourth quarter of 2013, the Company recorded a gain of \$25.4 million related to the sale of Fathom Events. Refer to Note 2—*Divestiture*.

19. SUBSEQUENT EVENTS

On January 15, 2014, the Company declared a cash dividend of \$0.22 per share (approximately \$12.9 million) on each share of the Company's common stock (not including outstanding restricted stock) to stockholders of record on March 6, 2014 to be paid on March 20, 2014. The Company also declared a special cash dividend on February 7, 2014 of \$0.50 per share (approximately \$29.3 million) on each share of the Company's common stock (not including outstanding restricted stock) to stockholders of record on March 6, 2014 to be paid on March 20, 2014.

NOTE: THIS DOCUMENT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. PORTIONS OF THIS DOCUMENT FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED HAVE BEEN REDACTED AND ARE MARKED HEREIN BY “[*]”. SUCH REDACTED INFORMATION HAS BEEN FILED SEPARATELY WITH THE COMMISSION PURSUANT TO THE CONFIDENTIAL TREATMENT REQUEST.**

AMENDED AND RESTATED

EXHIBITOR SERVICES AGREEMENT

**BETWEEN NATIONAL CINEMEDIA, LLC AND
AMERICAN MULTI-CINEMA, INC.**

DATED AS OF FEBRUARY 13, 2007

AND

AMENDED AND RESTATED AS OF DECEMBER 26, 2013

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**AMENDED AND RESTATED
EXHIBITOR SERVICES AGREEMENT**

THIS AMENDED AND RESTATED EXHIBITOR SERVICES AGREEMENT (this "Agreement") is entered into as of December 26, 2013 (the "Restated Effective Date") by and between National CineMedia, LLC, a Delaware limited liability company ("LLC"), and American Multi-Cinema, Inc., a Missouri corporation ("AMC," and with LLC, each a "Party" and collectively, the "Parties").

BACKGROUND

WHEREAS, AMC, AMC Showplace Theatres, Inc. ("**AMC Showplace**"), Regal Cinemas, Inc. ("**Regal**"), Regal CineMedia Holdings, LLC ("**RCH**") and Cinemark Media, Inc. ("**Cinemark Media**") are parties to that certain Third Amended and Restated Limited Liability Company Operating Agreement, dated as of February 13, 2007, as amended (the "**LLC Agreement**"), which governs the rights and obligations of AMC, AMC Showplace, Regal, RCH and Cinemark Media (collectively, the "**Founding Members**") and National CineMedia, Inc. ("**National CineMedia**") as Members of the LLC; and

WHEREAS, LLC and AMC are parties to that certain Exhibitor Services Agreement dated as of February 13, 2007 (the "**Original Agreement**"), which has been subsequently amended by the Amendments (as defined below), pursuant to which LLC provides AMC certain advertising and digital programming services; and

WHEREAS, LLC and AMC are parties to that certain Amendment to Exhibitor Services Agreement dated as of November 5, 2008 (the "**First Amendment**"); and

WHEREAS, LLC and AMC are parties to that certain Second Amendment to Exhibitor Services Agreement dated as of October 1, 2010 (the "**Second Amendment**"); and

WHEREAS, LLC and AMC are parties to that certain Third Amendment to Exhibitor Services Agreement dated as of April 17, 2012 (the "**Third Amendment**"); the First Amendment, the Second Amendment and the Third Amendment are referred to herein as the "**Amendments**"; and

WHEREAS, in anticipation of (a) the assignment of LLC's rights and obligations under the Original Agreement, as amended by the Amendments, with respect to digital programming services to Alternative Content JV (as defined herein), (b) the assumption by Alternative Content JV of such rights and obligations and (c) LLC and Alternative Content JV entering into the Alternative Content Services Agreement (as defined herein), the Parties are hereby (x) dividing the Original Agreement, as amended by the Amendments, into two separate agreements, one of which will address rights and obligations of the Parties related to Advertising Services (as defined herein) and the other of which will address rights and obligations of the Parties related to digital programming services, (y) incorporating the Amendments (to the extent relating to Advertising Services) into this Agreement and amending and restating the Parties' respective rights and obligations as they relate to Advertising Services in this Agreement, and (z) incorporating the Amendments (to the extent relating to digital programming services) into, and amending and restating the Parties' respective rights and obligations as they relate to digital programming services in, a Digital Programming Exhibitor Services Agreement (as defined herein); and

NOW, THEREFORE, in consideration of the premises and mutual covenants in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, and, intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.01 Definitions. Within the context of this Agreement, the following terms shall have the following meanings:

“**3D**” means a digital format that is three dimensional and creates the illusion of depth perception.

“**3D Advertising Services**” has the meaning assigned to it in Section 4 of Exhibit A.

“**3D Content**” has the meaning assigned to it in Section 4.16(a).

“**3D Glasses**” means glasses worn by theatre patrons to enable them to view content in 3D that meet or exceed 3D Equipment supplier’s specifications and are approved by Exhibitor.

“**4.03 Revenue**” has the meaning assigned to it in Section 4.03.

“**ACE Solution**” means a delivery system in which the DCN screen player is eliminated, and the ACE (also referred to as an alternative content engine) interfaces directly with the TMS, as illustrated on Schedule 2. The ACE Solution is also known as “fully integrated”.

“**Acquisition Theatre(s)**” has the meaning assigned to it in Section 2.02(b).

“**Additional Lobby Promotions**” has the meaning assigned to it in Section 4.02(b).

“**Administrative Agent**” means (i) Barclays Bank PLC as administrative agent under the LLC Credit Agreement and any successors and assignees in accordance with the terms of the LLC Credit Agreement, (ii) Barclays Bank PLC as collateral agent with respect to the Senior Secured Notes and any successors and assignees in accordance with the terms of the Senior Secured Notes and (iii) any administrative agent or collateral agent that becomes party to any other secured debt to be entered into or issued by LLC after the Restated Effective Date.

“**Administrative Fee**” means the fee for services provided by LLC as requested by AMC in connection with delivery of content to Theatres.

“**Advertising Services**” means the advertising and promotional services (including the Digital Content Service, the Digital Carousel, the Traditional Content Program, Lobby Promotions, Event Sponsorships, Event Simulcast Advertising Services and 3D Advertising Services) as described in Exhibit A.

“**Affiliate**” means with respect to any Person, any Person that directly or indirectly, through one or more intermediaries Controls, is Controlled by or is under common Control with such Person. Notwithstanding the foregoing, (i) no Member shall be deemed an Affiliate of LLC, (ii) LLC shall not be deemed an Affiliate of any Member, (iii) no stockholder of REG, or any of such stockholder’s Affiliates (other than REG and its Subsidiaries) shall be deemed an Affiliate of any Member or LLC, (iv) no stockholder of Cinemark Holdings, or any of such stockholder’s Affiliates (other than Cinemark Holdings and its Subsidiaries) shall be deemed an Affiliate of any Member or LLC, (v) no stockholder of National CineMedia shall be deemed an Affiliate of National CineMedia, and (vi) National CineMedia shall not be deemed an Affiliate of any stockholder of National CineMedia.

“**Aggregate Advertising Revenue**” means, for the applicable measurement period, the total revenue, in the form of cash and non-cash consideration, payable to LLC for Advertising Services, excluding revenue payable to LLC related to (i) Event Sponsorship, (ii) Advertising Services provided to third parties that are not Founding Members, and (iii) Advertising Services provided to Founding Members outside the provisions of this Agreement pursuant to a written agreement between LLC and such Founding Members.

“**Agreement**” has the meaning assigned to it in the preamble of this Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

“**Alternative Agreement**” has the meaning assigned to it in Section 9.03(a).

“**Alternative Content JV**” means AC JV, LLC, a Delaware limited liability company, and its successors and assigns.

“**Alternative Content Services Agreement**” means that certain services agreement entered into between Alternative Content JV and LLC dated as of the date hereof pursuant to which, among other things, LLC shall provide Alternative Content JV with the advertising inventory described therein.

“**AMC**” has the meaning assigned to it in the preamble of this Agreement.

“**AMC Derived Works**” has the meaning assigned to it in Section 13.02(b).

“**AMC Equipment**” means the Equipment owned by AMC.

“**AMC Information**” means all Confidential Information supplied by AMC and its Affiliates.

“**AMC Initial ESA Modification Payment**” has the meaning assigned to it in Section 2.05(a)(i).

“**AMC Legacy Agreement(s)**” means all pre-Original Effective Date agreements of AMC or its Affiliates, including without limitation such agreements relating to the purchase of

advertising in Acquisition Theatres, pursuant to which services which fall within the definition of Advertising Services are provided and which are expected to result in the generation of revenue payable to AMC or its Affiliates on and after the Original Effective Date, but excluding the Beverage Agreement, agreements with third-party cinema advertising service providers (which give rise to Run-Out Obligations pursuant to Section 4.08) and agreements between AMC or its Affiliates and any theatres owned by third parties (including other Members or their Affiliates) regarding the exhibition of content, advertisements or promotions in such third-party theatres.

“**AMC Marks**” means the trademarks, service marks, logos, slogans and/or designs owned by AMC or otherwise contributed by AMC for use under this Agreement, in any and all forms, formats and styles, including as may be used in the Brand (as defined herein), as may be modified from time-to-time all as notified to LLC from time-to-time by AMC.

“**AMC Property**” has the meaning assigned to it in Section 13.01(b).

“**AMC Quality Standards**” has the meaning assigned to it in Section 7.03(c).

“**AMC Showplace**” has the meaning assigned to it in the recitals to this Agreement.

“**Amendments**” has the meaning assigned to it in the recitals to this Agreement.

“**Assignment and Assumption**” has the meaning assigned to it in Section 15.08.

“**Bankruptcy Code**” means Title 11 of the United States Code (11 U.S.C. §101 et seq.), as amended from time to time.

“**Beverage Agreement**” means the Marketing, Advertising and Brand Presence Agreement by and between Coca-Cola North America, a division of The Coca-Cola Company, and AMC, dated as of July 1, 2013 and all exhibits and amendments thereto, as such agreement may be amended from time to time, and any subsequent agreements entered into by AMC and its beverage concessionaires at the expiration or termination of the agreement referenced above which is in effect on the Restated Effective Date.

“**Beverage Agreement Advertising Rate**” has the meaning assigned to it in Section 4.06(a).

“**Beverage Compliance Report**” has the meaning assigned to it in Section 4.10(b)(i).

“**Brand**” has the meaning assigned to it in Section 4.05(a).

“**Branded Slots**” has the meaning assigned to it in Section 4.05(a).

“**Cinemark**” means Cinemark USA, Inc., a Texas corporation.

“**Cinemark Exhibitor Agreement**” means the Amended and Restated Exhibitor Services Agreement between LLC and Cinemark, dated of even date herewith, as the same may be amended, supplemented or otherwise modified from time to time.

“**Cinemark Holdings**” means Cinemark Holdings, Inc. or its successor or any Person that wholly owns Cinemark Holdings, directly or indirectly, in the future.

“**Cinemark Media**” has the meaning assigned to it in the recitals to this Agreement.

“**Cinemark Theatre**” means any “Theatre” as defined in the Cinemark Exhibitor Agreement.

“**Client Limitation**” has the meaning assigned to it in Section 4.07(b)(i).

“**Common Unit Adjustment**” has the meaning assigned to it in the LLC Agreement.

“**Common Units**” has the meaning assigned to in the LLC Agreement.

“**Concessions**” means popcorn, candy, and other food and beverage items sold at the concession stands in Theatres.

“**Confidential Information**” means all documents and information concerning any other Party hereto furnished it by such other Party or its representatives in connection with the transactions contemplated by this Agreement (together with confidential information, including but not limited to Intellectual Property and other Proprietary Information of the other Members and LLC), and shall include, by way of example and not limitation, the LLC Property, the AMC Property, the LLC Derived Works and the AMC Derived Works. Confidential Information shall also include all Confidential Information supplied by the Members and their Affiliates. Notwithstanding the foregoing, Confidential Information shall not include any information that can be shown to have been (i) previously known by the Party to which it is furnished lawfully and without breaching or having breached an obligation of such Party or the disclosing Party to keep such documents and information confidential, (ii) in the public domain through no fault of the disclosing Party, or (iii) independently developed by the disclosing Party without using or having used the Confidential Information.

“**Control**” (including the terms “**Controlled by**” and “**under common Control with**”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

“**Costs**” has the meaning assigned to it in Section 11.01(a).

“**CPI**” means the monthly index of the U.S. City Average Consumer Price Index for Urban Wage Earners and Clerical Workers (All Items; 1982-84 equals 100) published by the United States Department of Labor, Bureau of Labor Statistics or any successor agency that shall issue such index. In the event that the CPI is discontinued for any reason, LLC shall use such other index, or comparable statistics, on the cost of living for urban areas of the United States, as shall be computed and published by any agency of the United States or, if no such index is published by any agency of the United States, by a responsible financial periodical of recognized authority.

“**CPI Adjustment**” means the quotient of (i) the CPI for the month of January in the calendar year for which the CPI Adjustment is being determined, divided by (ii) the CPI for January of 2007.

“**Creative Services**” has the meaning assigned to it in paragraph A of Exhibit B.

“**DCI Spec Compliance**” means compliance with (i) the Digital Cinema Specification Version 1.2 released on March 7, 2008 by Digital Cinema Initiatives, LLC and its errata; (ii) the DCI Stereoscopic Digital Cinema Addendum Version 1.0 released on July 11, 2007 and its errata; and (iii) any applicable specifications formally approved and adopted by SMPTE DC28, each as of March 10, 2010.

“**DCIP**” means Digital Cinema Implementation Partners, LLC, a Delaware limited liability company.

“**Designated Services**” has the meaning assigned to it in Section 9.03(a).

“**Digital Carousel**” means a loop of slide advertising with minimal branding and entertainment content which (i) is displayed before the Pre-Feature Program in Digitized Theatres via the Digital Content Network and (ii) is displayed before the Traditional Content Program in Non-Digitized Theatres via a non-digital slide projector.

“**Digital Cinema Equipment**” has the meaning assigned to it in Section 3.06(a).

“**Digital Cinema Screen**” means a screen in an auditorium in a Theatre that is equipped with Digital Cinema Equipment and such Digital Cinema Equipment is operational to provide the Advertising Services.

“**Digital Cinema Services**” means services related to the digital playback and display of feature films at a level of quality commensurate with that of 35 mm film release prints that includes high-resolution film scanners, digital image compression, high-speed data networking and storage, and advanced digital projection.

“**Digital Content Network**” means a network of LLC Equipment and third-party equipment and other facilities which provides for the electronic transmission of digital content, directly or indirectly, from a centrally-controlled location to Theatres, resulting in the “on-screen” exhibition of such content in such Theatres, either in Theatre auditoriums or on Lobby Screens.

“**Digital Content Service**” means the Pre-Feature Program, Policy Trailer and the Video Display Program.

“**Digital Programming Event**” means a digital programming event delivered live, substantially live or prerecorded including, without limitation, sports, music and comedy events exhibited in Theatres, but shall not include (a) the Pre-Feature Program, the Digital Programming Event Pre-Feature Program, the Digital Carousel or the Video Display Program, or (b) feature

film content or (c) Event Trailers or Trailers. For purposes of this definition, “feature film content” shall not include (i) any form of content which is booked in the majority of the Theatres exhibiting such content for less than seven (7) consecutive days or (ii) anime, documentaries or classic movies.

“**Digital Programming Exhibitor Services Agreement**” means that certain amended and restated digital programming exhibitor services agreement entered into between LLC and AMC dated as of the date hereof and assigned to Alternative Content JV pursuant to which, among other things, Alternative Content JV will provide digital programming services to AMC.

“**Digital Programming Event Pre-Feature Program**” means a program of digital content of between twenty (20) and thirty (30) minutes in length that is distributed for exhibition in Theatres prior to the Showtime of a Digital Programming Event.

“**Digital Programming Event Simulcast**” has the meaning assigned to it in Section 4.17.

“**Digital Screen**” means a screen in an auditorium of a Digitized Theatre.

“**Digitized Theatres**” means all Theatres that are connected to the Digital Content Network, as of the Restated Effective Date, and all Theatres that subsequently connect to the Digital Content Network, as of the date such connection is established.

“**Disposition**” (including the term “**Disposed**”) has the meaning assigned to it in Section 2.03.

“**Dual Interface Architecture**” means a delivery system in which the SMS and the DCN screen player connect to the same digital cinema projector (one projector with two play-back servers), as illustrated on Schedule 3.

“**EBITDA**” means, for the applicable measurement period, earnings before interest, taxes, depreciation and amortization, all as defined by GAAP.

“**Encumbered Theatres**” has the meaning assigned to it in Section 4.08(a).

“**Equipment**” means the equipment and cabling, as prescribed by the terms of this Agreement, which is necessary to schedule, distribute, play, reconcile and otherwise transmit and receive the Advertising Services delivered by LLC pursuant to the terms of this Agreement, and a complete list of all such equipment located inside or on any Theatre building and the ownership thereof as of the Restated Effective Date is set forth in the Specification Documentation, as may be amended from time to time at the request of either Party.

“**ESA Payment Letter**” has the meaning assigned to it in Section 15.04.

“**ESA-Related Tax Benefit Payments**” has the meaning assigned to it in Section 1.1 of the Tax Receivable Agreement.

“**Event Simulcast Advertising Services**” has the meaning assigned to it in Section 2 of Exhibit A.

“**Event Sponsorship**” has the meaning assigned to it in Section 2 of Exhibit A.

“**Event Trailer**” means a promotion for a Digital Programming Event that is exhibited in the Theatres after Showtime.

“**Excluded Theatres**” has the meaning assigned to it in Section 4.13(a).

“**First Amendment**” has the meaning assigned to it in the recitals to this Agreement.

“**Flight**” has the meaning assigned to it in Section 4.01(a).

“**Founding Members**” has the meaning assigned to it in the recitals to this Agreement and shall include their respective Affiliates.

“**Future Theatres**” has the meaning assigned to it in Section 3.01.

“**GAAP**” means United States generally accepted accounting principles, consistently applied.

“**Governmental Authority**” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“**Group**” has the meaning used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934.

“**IMAX Screens**” has the meaning assigned to it in Section 4.13(b).

“**Indemnifying Party**” has the meaning assigned to it in Section 11.01(c).

“**Infringement**” has the meaning assigned to it in Section 12.02.

“**Initial Term**” has the meaning assigned to it in Section 9.01.

“**Intellectual Property**” means all intellectual property, including but not limited to all U.S., state and foreign (i) (A) patents, inventions, discoveries, processes and designs; (B) copyrights and works of authorship in any media; (C) trademarks, service marks, trade names, trade dress and other source indicators and the goodwill of the business symbolized thereby, (D) software; and (E) trade secrets and other confidential or proprietary documents, ideas, plans and information; (ii) registrations, applications and recordings related thereto; (iii) rights to obtain renewals, extensions, continuations or similar legal protections related thereto; and (iv) rights to bring an action at law or in equity for the infringement or other impairment thereof.

“**Inventory**” means any advertising or other content.

“**License Agreement**” means that certain Second Amended and Restated Software License Agreement, dated as of February 13, 2007, among LLC, AMC, Cinemark and Regal, as applicable, and as such agreement may be amended, supplemented or otherwise modified from time to time.

“**LLC Agreement**” has the meaning assigned to it in the recitals to this Agreement.

“**LLC Confirmation**” has the meaning assigned to it in Section 3.06(a).

“**LLC Credit Agreement**” means the Amended and Restated Credit Agreement dated as of November 26, 2012 among LLC, the several lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as syndication agent, Credit Suisse Securities (USA) LLC, MacQuarie Capital (USA) Inc. and Morgan Stanley Senior Funding, Inc., as co-documentation agents and Barclays Bank PLC, as the Administrative Agent, as amended, modified or supplemented from time to time and any extension, refunding, refinancing or replacement (in whole or in part) thereof.

“**LLC Derived Works**” has the meaning assigned to it in Section 13.02(a).

“**LLC Equipment**” means the Equipment owned by LLC pursuant to the terms of this Agreement.

“**LLC Marks**” means the trademarks, service marks, logos, slogans and/or designs owned by LLC or otherwise contributed by LLC for use under this Agreement, in any and all forms, formats and styles, including as may be used in the Brand (as defined herein), as may be modified from time-to-time all as notified to AMC from time to time by LLC.

“**LLC Property**” has the meaning assigned to it in Section 13.01(a).

“**LLC Quality Standards**” has the meaning assigned to it in Section 7.02(c).

“**Lobby Promotions**” has the meaning assigned to it in Section 1 of Exhibit A.

“**Lobby Screen**” means a plasma, LED or other type of screen displaying digital or recorded content that is located inside a Theatre and outside the auditoriums, or any other type of visual display mechanism that replaces such a screen. Lobby Screens shall not include, however, digital poster cases, digital animated poster cases, ATM or ticket kiosk screens (or such items that may replace digital poster cases or ATM or ticket kiosk screens in the future) or other substantially similar display mechanisms that display Theatre Advertising or promotional material that may include some or all of the following types of content: isolated images or still scenes from feature films or Digital Programming Events, full motion elements that are not a Trailer or an Event Trailer, interactive elements, audio elements and motion sensors and which content, considered singularly and collectively, is sufficiently limited in playtime and complexity such that it cannot reasonably be considered equivalent to a Trailer or an Event Trailer.

“**Loews Theatres**” mean the theatres acquired (and not divested under government order) by AMC Entertainment Inc. in connection with its merger with Loews Cineplex Entertainment Corporation completed on January 26, 2006.

“**Low Resolution Projection System**” means a digital projection system deployed in Theatres that (i) is not DCI Spec Compliant, (ii) has a maximum resolution less than 2K (i.e., a resolution of less than 2048×1080), and (iii) is similar in functionality to the low resolution projection systems currently deployed in Theatres, as illustrated on Schedule 4.

“**Marketing Materials**” has the meaning assigned to it in Section 7.02(a).

“**Member**” means each Person that becomes a member, as contemplated in the Delaware Limited Liability Act, of LLC in accordance with the provisions of the LLC Agreement and has not ceased to be a Member pursuant to the LLC Agreement.

“**National CineMedia**” has the meaning assigned to it in the recitals to this Agreement.

“**Newbuild Theatre(s)**” has the meaning assigned to it in Section 2.02(a).

“**Non-Assignable Legacy Agreement**” has the meaning assigned to it in Section 4.06(b)(ii).

“**Non-Digitized Theatres**” means Theatres that are not Digitized Theatres.

“**Original Agreement**” has the meaning assigned to it in the recitals of this Agreement.

“**Original Effective Date**” means February 13, 2007.

“**Party**” has the meaning assigned to it in the preamble of this Agreement.

“**Permitted Transfer**” means:

(a) by operation of law or otherwise, the direct or indirect change in control, merger, consolidation or acquisition of all or substantially all of the assets of LLC or AMC, as applicable, or the assignment of this Agreement by AMC to an Affiliate,

(b) with respect to the rights and obligations of LLC under this Agreement, (i) the grant of a security interest by LLC in this Agreement and all rights and obligations of LLC hereunder to the Administrative Agent, on behalf of the Secured Parties, pursuant to the Security Documents, (ii) the assignment or other transfer of such rights and obligations to the Administrative Agent (on behalf of the Secured Parties) or other third party upon the exercise of remedies in accordance with the LLC Credit Agreement, the Senior Secured Notes and/or any other secured debt to be entered into or issued by LLC after the Restated Effective Date and the Security Documents and (iii) in the event that the Administrative Agent is the initial assignee or transferee under the preceding clause (ii), the subsequent assignment or other transfer of such rights and obligations by the Administrative Agent on behalf of the Secured Parties to a third party, or

(c) in the event that LLC becomes a debtor in a case under the Bankruptcy Code, the assumption and/or assignment by LLC of this Agreement under section 365 of the Bankruptcy Code, notwithstanding the provisions of section 365(c) thereof.

“**Person**” means any individual, corporation, limited liability company, partnership, trust, joint stock company, business trust, unincorporated association, joint venture, Governmental Authority or other entity or organization of any nature whatsoever or any Group of two or more of the foregoing.

“**Play List**” has the meaning assigned to it in Section 4.01(a).

“**Policy Trailer**” has the meaning assigned to it in Section 4.05(b).

“**Pre-Feature Program**” means a program of digital content of between twenty (20) and thirty (30) minutes in length that is distributed by LLC through the Digital Content Network for exhibition in Digitized Theatres prior to Showtime of a feature film or other programming or event (other than a Digital Programming Event) or that is distributed non-digitally by some other means, including DVD, for exhibition prior to Showtime of a feature film or other programming or event (other than a Digital Programming Event) in Non-Digitized Theatres. For the avoidance of doubt, the definition of Pre-Feature Program shall not include any Digital Programming Event Pre-Feature Program.

“**Pre-Feature Programming Schedule**” means the schedule for the Pre-Feature Program as developed from time to time by LLC after consultation with AMC.

“**Projection System**” means, collectively, a digital projection system including at least the following components: a digital projector with a minimum resolution of 2K, a digital cinema layout system (server or media block) and a screen management system for the relevant Screen.

“**Proprietary Information**” means all Intellectual Property, including but not limited to information of a technological or business nature, whether written or oral and if written, however produced or reproduced, received by or otherwise disclosed to the receiving Party from or by the disclosing Party that is marked proprietary or confidential or bears a marking of like import, or that the disclosing Party states is to be considered proprietary or confidential, or that a reasonable person would consider proprietary or confidential under the circumstances of its disclosure.

“**PSA Trailer**” means up to 30 seconds for AMC approved fundraising and that may contain the display of any trademark, service mark, logo or other branding of the charitable organizations sponsoring such fundraising that is exhibited in the Theatres after Showtime.

“**RCH**” has the meaning assigned to it in the recitals to this Agreement.

“**REG**” means Regal Entertainment Group or its successor or any Person that wholly owns REG, directly or indirectly, in the future.

“**Regal**” has the meaning assigned to it in the preamble of this Agreement.

“**Regal Exhibitor Agreement**” means the Amended and Restated Exhibitor Services Agreement between LLC and Regal, dated of even date herewith, as the same may be amended, supplemented or otherwise modified from time to time.

“**Regal Theatre**” means any “Theatre” as defined in the Regal Exhibitor Agreement.

“**Renewal Term**” has the meaning assigned to it in Section 9.01(a).

“**Representatives**” has the meaning assigned to it in Section 11.01(a).

“**Restated Effective Date**” has the meaning assigned to it in the preamble of this Agreement.

“**ROFR Notice**” has the meaning assigned to it in Section 9.03(b).

“**ROFR Period**” has the meaning assigned to it in Section 9.03(a).

“**ROFR Response**” has the meaning assigned to it in Section 9.03(d).

“**ROFR Response Period**” has the meaning assigned to it in Section 9.03(d).

“**Run-Out Obligations**” has the meaning assigned to it in Section 4.08(a).

“**Second Amendment**” has the meaning assigned to it in the recitals to this Agreement.

“**Secured Parties**” means (i) the “Secured Parties” (or any analogous concept) as defined in the LLC Credit Agreement, (ii) Barclays Bank PLC (or any successor thereto), as Collateral Agent for the First-Lien Secured Parties (as defined in the Security Documents), (iii) the holders of any Notes Obligations (as defined in the Security Documents); (iv) Wells Fargo Bank, National Association (or any successor thereto), in its capacity as Trustee and authorized representative for the Senior Secured Notes and the holders of the Senior Secured Notes and (v) any other person acting in any analogous agency capacity or any other lender, noteholder or holder of secured debt, in each case in connection with any secured debt entered into or issued by LLC after the Restated Effective Date.

“**Security Documents**” means collectively, the “Security Documents” as defined in the LLC Credit Agreement and in the purchase agreement or the indenture for the Senior Secured Notes, and any amendment, modification, supplement or replacement of such Security Documents and any security documents to be entered into by LLC in connection with any LLC secured debt after the Restated Effective Date.

“**Senior Secured Notes**” means the 6.00% senior secured notes issued by LLC in April 2012, due in 2022.

“**Showtime**” means the advertised showtime for a feature film or a Digital Programming Event.

“**Software**” means the software owned by, and/or licensed to, LLC or its direct or indirect Subsidiaries and which is installed on either LLC Equipment or AMC Equipment and used in connection with delivery of the Digital Content Service and the Digital Carousel.

“**Special Promotions**” has the meaning assigned to it in Section 4.14.

“Specification Documentation” means documentation as specified herein, relating to technical specifications or other matters relating of this Agreement, that is delivered and agreed upon by the Parties on the Restated Effective Date.

“Sponsor” means any Person that, financially or through the provision of goods or services, supports the production, distribution, underwriting or marketing of a Digital Programming Event.

“Sponsor Message” means a marketing message from a Sponsor that may be exhibited under the conditions, restrictions and requirements identified herein.

“Strategic LEN Promotions” has the meaning assigned to it in Section 4.07(b)(ii).

“Strategic Lobby Promotions” has the meaning assigned to it in Section 4.07(b)(iii).

“Strategic Programs” has the meaning assigned to it in Section 4.07(b).

“Strategic Relationship” has the meaning assigned to it in Section 4.07(b).

“Subsidiary” means, with respect to any Person, (i) a corporation a majority of whose capital stock with the general voting power under ordinary circumstances to vote in the election of directors of such corporation (irrespective of whether or not, at the time, any other class or classes of securities shall have, or might have, voting power by reason of the happening of any contingency) is at the time beneficially owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation), including a joint venture, a general or limited partnership or a limited liability company, in which such Person, one or more Subsidiaries thereof or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, beneficially own a majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other Persons performing such functions) or act as the general partner or managing member of such other Person.

“Supplemental Theatre Access Fee” has the meaning assigned to it in Schedule 1.

“Tax Receivable Agreement” means that certain Tax Receivable Agreement by and among National CineMedia, LLC, RCH, AMC, Cinemark Media, Cinemark, and Regal, and dated as of February 13, 2007.

“Term” has the meaning assigned to it in Section 9.01.

“Territory” means the 50 states of the United States of America and the District of Columbia.

“Theatre Access Fee” has the meaning assigned to it in Schedule 1.

“Theatre Advertising” means advertisement of one or more of the following activities associated with operation of the Theatres of AMC or its Affiliates: (A) Concessions or Concession promotions, (B) AMC’s gift cards, loyalty programs and other items related to

AMC's business in the Theatres, (C) events or services presented by AMC including without limitation business meetings, church services or other events, or (D) vendors of services (other than film-related vendors or vendors for Digital Programming Events) provided to the Theatres, provided such promotion is incidental to the vendor's service such as, but without limitation, online or telephone ticketing or other alternative delivery sources for the same, credit cards, bank cards, charge cards, debit cards, gift cards and other consumer payment devices. Theatre Advertising includes the display of concession menus, movie listings, Showtimes and pricing information.

"Theatre Maintenance Fee per Digital Cinema Screen" has the meaning assigned to it in Schedule 1.

"**Theatres**" means from time-to-time, as applicable, all theatres in the Territory owned by AMC or an Affiliate of AMC or as to which AMC or an Affiliate of AMC has a controlling interest or operational control, including both Digitized Theatres and Non-Digitized Theatres, except as provided in Sections 2.02(b), 4.08 and 4.13 or as may be mutually agreed by the Parties in writing. The foregoing notwithstanding, no motion picture theatre located outside of the Territory shall be a Theatre without LLC's prior written consent. Theatre includes all parts of the physical facilities inside a theatre building to which the public has access.

"**Third Amendment**" has the meaning assigned to it in the recitals to this Agreement.

"**Third Party Theatre Agreement**" means an agreement between LLC and a third party that gives LLC a right to provide Advertising Services with respect to the Theatres being Disposed of by a Founding Member to such third party and that meets the following minimum requirements: (i) the third party grants LLC exclusive access to and the exclusive right to provide Advertising Services with respect to the Theatres; (ii) the Third Party Theatre Agreement incorporates content standards no more restrictive than as set forth in section 4.03 of this Agreement; (iii) the fee payable by LLC to the third party for the Advertising Services does not exceed [***]% of LLC's total revenue attributable to such Advertising Services; (iv) the term of the Third Party Theatre Agreement (excluding extensions) is for the shorter of (A) the term of the longest lease (excluding extensions) being Disposed of by the Founding Member in the transaction, or (B) [***]; (v) LLC has substantially similar penalties upon a breach of the Third Party Theatre Agreement by such third party than as set forth in this Agreement for breaches by such Founding Member; and (vi) in all other material respects, the Third Party Theatre Agreement imposes obligations upon the third party that are substantially similar to the obligations imposed upon the Founding Member in this Agreement, except that obligations arising exclusively from such Founding Member's status as a Founding Member shall be inapplicable to the third party.

"**TMS**" means a digital cinema theatre management server.

"**Traditional Content Program**" means advertising and other promotional content which is displayed on 35 mm film prior to Showtime.

“**Trailer**” means a promotion secured by AMC or its designee (which retains the exclusive rights to so secure for all of its Theatres) for a feature film or other programming, other than a Digital Programming Event that is exhibited in the Theatres after Showtime.

“**Unit Adjustment Agreement**” means that certain Common Unit Adjustment Agreement dated as of February 13, 2007 among National CineMedia, LLC, RCH, AMC, Cinemark Media, Cinemark, and Regal.

“**Upgrade Request**” has the meaning assigned to it in Section 3.05.

“**Video Display Program**” means a program of digital content exhibited on Lobby Screens which is distributed by LLC through the Digital Content Network for exhibition in Digitized Theatres, and which is distributed non-digitally by some other means, including DVD, for exhibition in Non-Digitized Theatres.

ARTICLE 2

PARTICIPATION AND FEES

Section 2.01 Theatre Service Participation. From the Original Effective Date and during the Term, LLC shall provide all aspects of the Advertising Services to AMC and AMC shall exhibit and otherwise participate in such aspects of the Advertising Services, on the terms and conditions set forth herein. Subject to the provisions of Section 4.08 (AMC Run-Out Obligations), during the Term all Theatres will participate in the Advertising Services either as Digitized Theatres or Non-Digitized Theatres.

(a) **Digitized Theatres.** As of the Original Effective Date and during the Term, pursuant to the terms of Section 4.01 (Content and Distribution of the Digital Content Service and Traditional Content Program), LLC will provide the following Advertising Services to the Digitized Theatres, and all Digitized Theatres will, subject to the terms of Section 4.12 (Customer Access to Pre-Feature Program), participate in (i) the Pre-Feature Program, (ii) the Policy Trailer and (iii) the Video Display Program. Additionally, LLC may provide the Digital Carousel during the period beginning after the preceding feature film (or, in the case of the first feature film of the day, beginning after the opening of the auditorium doors for that film) until the beginning of the Pre-Feature Program and, if LLC provides the Digital Carousel, then all Digitized Theatres will, subject to the terms of Section 4.12 (Customer Access to Pre-Feature Program), participate in the Digital Carousel.

(b) **Non-Digitized Theatres.** As of the Original Effective Date and during the Term, pursuant to the terms of Section 4.01 (Content and Distribution of the Digital Content Service and Traditional Content Program), LLC will provide the following Advertising Services to the Non-Digitized Theatres, and all Non-Digitized Theatres will, subject to the terms of Section 4.12 (Customer Access to Pre-Feature Program), participate in (i) the Traditional Content Program, (ii) the Policy Trailer and (iii) the Video Display Program, but with respect to participation of Non-Digitized Theatre’s participation in the Video Display Program, only to the extent that a Non-Digitized Theatre has at least one Lobby Screen and has the requisite equipment necessary to participate in the Video Display Program. Additionally, LLC may

provide the Digital Carousel during the period beginning after the preceding feature film (or, in the case of the first feature film of the day, beginning after the opening of the auditorium doors for that film) until the beginning of the Traditional Content Program, and, if LLC provides the Digital Carousel, then all Non-Digitized Theatres will, subject to the terms of Section 4.12 (Customer Access to Pre-Feature Program), participate in the Digital Carousel. No Non-Digitized Theatre will be obligated to participate in, nor will LLC be obligated to provide to any Non-Digitized Theatre, the Pre-Feature Program.

(c) Lobby Promotions. LLC shall provide Lobby Promotions to Theatres and Theatres shall participate in Lobby Promotions as described in Section 4.02.

(d) Modifications. The Parties agree that the rights and obligations to provide and participate in elements of the Advertising Services, as set forth immediately above, may be modified during the Term upon mutual written agreement of the Parties.

(e) Conversion of Theatres. No Digitized Theatre shall become a Non-Digitized Theatre without the mutual agreement of AMC and LLC. AMC will determine from time to time which Non-Digitized Theatres will be converted to Digitized Theatres.

(f) Rights to Transfer Theatres. The Parties agree that nothing in this Agreement is intended to, nor shall, bind or otherwise limit AMC's or its Affiliates' rights and abilities in its sole discretion from time to time to close, sell, acquire or otherwise transfer any interest in (including by mortgage or otherwise) any theatre.

Section 2.02 Addition of Theatres.

(a) Newbuild Theatres. Except as provided in Section 4.13 (Excluded Theatres; IMAX Screens) or as mutually agreed by the Parties in writing, any theatre in the Territory newly built by AMC or an Affiliate of AMC following the Original Effective Date ("**Newbuild Theatres**") shall be equipped to receive the Digital Content Service via the Digital Content Network, shall be a Digitized Theatre, and shall participate in the Digital Content Service on the terms set forth in Section 2.01. LLC agrees to provide all aspects of the Advertising Services to Newbuild Theatres on the terms and conditions set forth herein.

(b) Acquisition Theatres. Any theatre in the Territory of which AMC or an Affiliate of AMC obtains control of the advertising or promotional activities therein after the Original Effective Date (excluding any Newbuild Theatres and any Loews Theatre) shall be an "**Acquisition Theatre(s)**". Subject to Sections 4.08 and 4.13, LLC shall provide all aspects of the Advertising Services to such Acquisition Theatres and AMC shall cause such Acquisition Theatres to exhibit and participate in the Advertising Services on the terms and conditions set forth herein. The Parties agree that AMC may obtain operational control of an Acquisition Theatre but not obtain any or all rights necessary to receive or display any or all aspects of the Advertising Services or control over advertising or promotions but not over all of the foregoing, and, in such circumstances AMC shall use its commercially reasonable efforts to have as much of the Advertising Services received or displayed in such Acquisition Theatres as is within its control, or if not, then as reasonably practicable. The Parties agree that it may not be commercially reasonable to equip each Acquisition Theatre to receive the Digital Content

Service via the Digital Content Network. Therefore, the Parties agree, subject to Sections 4.08 and 4.13, that every Acquisition Theatre that is a Digitized Theatre shall participate in the Digital Content Service via the Digital Content Network on the terms set forth in Section 2.01, but that AMC retains sole discretion as to if, when and which Acquisition Theatres AMC converts to Digitized Theatres. Upon AMC's decision to convert an Acquisition Theatre to a Digitized Theatre, the Parties agree to discuss in good faith the appropriate schedule for equipping such Acquisition Theatre to receive the Digital Content Service via the Digital Content Network. Upon agreeing upon the schedule to conduct such equipping, LLC shall diligently prosecute such work until completion.

(c) Common Unit Adjustment. Any adjustment of Common Unit ownership by the Members related to Newbuild Theatres and Acquisition Theatres shall be addressed in the Unit Adjustment Agreement.

Section 2.03 Disposition of Theatres.

(a) Disposition. AMC shall provide LLC prompt written notice after the sale, transfer, permanent closure or other disposition of a Theatre (other than as the result of a Permitted Transfer) or the permanent loss of any Theatre lease (a "Disposition"). The decision to sell, close or otherwise dispose of any Theatre shall be in AMC's sole and absolute discretion. Any such Theatre shall cease to be a Theatre for all purposes under this Agreement; and, if so determined by AMC and agreed by LLC (which agreement shall not be unreasonably or untimely withheld), then unless LLC and the applicable third party(ies) enter into a Third Party Theatre Agreement, then the Parties will agree on a date and time at which LLC shall be permitted to enter the affected Theatre(s) and remove any LLC Property. In the event LLC fails to remove any LLC Property within the timeframe the Parties agree upon for such removal, AMC or such third party transferee shall have the right to remove and dispose of such LLC Property in its sole discretion; provided that any Software included in the LLC Property shall be removed and returned to LLC at LLC's expense.

(b) Common Unit Adjustment. Any adjustment of Common Unit ownership by the Members related to Disposition of Theatres shall be addressed in the Unit Adjustment Agreement.

Section 2.04 Mandatory Participation. During the Term, except as expressly provided in this Agreement, including Sections 4.01(b) (Pre-Feature Programs), 4.01(c)(ii) (Video Display Programs), 4.02(e) (Alternative Content Lobby Promotions), 4.05 (Brand; Policy Trailer; Branded Slots), 4.06(a) (Beverage Agreements), 4.07 (Other AMC Advertising Agreements), 4.08 (AMC Run-Out Obligations), 4.11(b) (Event Trailers), 4.13 (Excluded Theatres; IMAX Screens), 4.14 (Grand Openings; Popcorn Tubs; Employee Uniforms), 4.17(a) and (b) (Digital Programming Event Simulcast), 4.18 (Event Sponsorships; Sponsor Message) and Exhibit A, AMC shall subscribe for and LLC shall be the exclusive provider to the Theatres of the services specifically set forth in the definition of the "Advertising Services." Except as expressly provided in this Agreement, during the Term, AMC shall neither engage nor permit a third party (excluding third party designees of LLC as provided hereunder) to provide, or itself provide, to a Theatre any of the services specifically set forth in the definition of "Advertising Services" set forth in Exhibit A. Nothing in this Agreement shall limit or affect (i) LLC's ability to contract or enter into any relationship with any Person or entity for any product, service, or otherwise, whether or not similar to any products or services provided by LLC under this Agreement, or (ii) AMC's ability

to contract or enter into any relationship with any Person or entity for any product, service, or otherwise, other than the services that will be provided exclusively by LLC as set forth in this Section 2.04. All rights with respect to advertising and promotions not explicitly granted hereunder are reserved to AMC, including without limitation AMC's ability to offer and sell advertising to any third party on any website on the Internet, its telephone ticketing service or other alternative media sources used for ticketing.

Section 2.05 ESA Modification Payments; Theatre Access Fees.

(a) ESA Modification Payments.

(i) AMC Initial ESA Modification Payment. As of February 13, 2007, and in consideration for AMC's agreement to use a Theatre Access Fee calculation and payment mechanism (as described in Section 2.05(b)) in connection with LLC's utilization of the Theatres on and after the Original Effective Date of this Agreement, LLC has paid to AMC \$281,024,120 (such amount being the "**AMC Initial ESA Modification Payment**").

(ii) ESA-Related Tax Benefit Payments. After February 13, 2007, and in consideration for AMC's agreement to use a Theatre Access Fee calculation and payment mechanism (as described in Section 2.05(b)) in connection with LLC's utilization of the Theatres on and after the Original Effective Date of this Agreement, LLC has paid and will continue to pay any ESA-Related Tax Benefit Payments to AMC, pursuant to the terms of the Tax Receivable Agreement.

(iii) Adjustments. The AMC Initial ESA Modification Payment will be subject to contingent and ongoing adjustments, pursuant to the Unit Adjustment Agreement.

(b) Theatre Access Fees.

(i) Calculation. In consideration for utilization of the Theatres pursuant to the terms hereof, LLC shall calculate and AMC shall be entitled to receive a Theatre Access Fee, as set forth in Schedule 1, which shall be paid based on AMC's attendance for the relevant fiscal month in which LLC provides the Advertising Services and number of Digital Screens during the fiscal month in which LLC provides the Advertising Services (calculated as the average between the number of Digital Screens on the last day of the fiscal month preceding the relevant fiscal month in which LLC provides the Advertising Services and the last day of the fiscal month in which LLC provides the Advertising Services), and which shall include the amount of 4.03 Revenue allocated to AMC for the same fiscal month.

(ii) Payment. LLC shall pay AMC its Theatre Access Fees on or before the last day of LLC's fiscal month following the fiscal month in which Advertising Services are provided by LLC; provided that AMC has, by the fourteenth day of LLC's fiscal month following the

month in which Advertising Services are provided by LLC, given LLC the data regarding attendance and number of Digital Screens necessary for LLC to calculate the Theatre Access Fee. If AMC has not, by the fourteenth day of LLC's fiscal month following the month in which Advertising Services are provided by LLC, given LLC the data regarding attendance and number of Digital Screens necessary for LLC to calculate the Theatre Access Fee, the due date of the Theatre Access Fee payment shall be extended by one day for each day that AMC is late in providing such data. LLC shall provide AMC with a detailed accounting of the calculation of Theatre Access Fees pursuant to Schedule 1, which report shall accompany each such payment.

(iii) Supplemental Theatre Access Fee. If applicable, LLC shall pay AMC a Supplemental Theatre Access Fee, as set forth in Schedule 1, on or before the last day of LLC's fiscal month following the end of LLC's applicable fiscal year.

(iv) Theatre Maintenance Fee per Digital Cinema Screen. If applicable, LLC shall pay AMC the Theatre Maintenance Fee per Digital Screen, as set forth in Schedule 1, along with and at the same time as the Theatre Access Fee, beginning with the first month in which a LLC Confirmation is delivered to AMC.

Section 2.06 Non-Cash Consideration. Any Aggregate Advertising Revenue that LLC receives in the form of non-cash consideration shall be valued as revenue in accordance with GAAP. If LLC's value of non-cash consideration received under any arrangement exceeds \$500,000 but is not greater than \$5 million from any party in a single transaction or series of related transactions, such value shall be confirmed by National CineMedia, if it is LLC's managing member, or LLC's then managing member. If LLC's value of non-cash consideration received under any arrangement exceeds \$5 million from any party in a single transaction or series of related transactions, LLC shall engage an independent qualified appraiser to determine the fair market value of such non-cash consideration. Notwithstanding the foregoing, no confirmation or appraisal of value shall be required for LLC's acquisition of tickets from Founding Members at their published group sale price in exchange for advertising at LLC's rate card rate.

ARTICLE 3

EQUIPMENT

Section 3.01 Procurement; Cost; Specifications. The Parties agree that all Theatre-level Equipment required to exhibit and otherwise participate in the Advertising Services on the terms and conditions set forth herein has been installed in all Theatres as of the Original Effective Date. With respect to all Newbuild Theatres, Acquisition Theatres, and Theatres which are converted from Non-Digitized Theatres to Digitized Theatres or from Digitized Theatres to Non-Digitized Theatres after the Original Effective Date (collectively, the "**Future Theatres**"), LLC shall, except as provided in Section 3.03, be solely responsible for procuring any Equipment for such Theatres. LLC shall bear the cost of all Equipment for use outside the Theatres, as well as Equipment installed in the Theatres for maintenance purposes (if any) (a description of such LLC Equipment installed in the Theatres is included in the Specification Documentation; which may be amended by mutual written agreement of the Parties) and the Software. AMC shall reimburse LLC, at LLC's cost, for all other Equipment to be installed at or within any Future Theatres (a description of such AMC Equipment is included in the Specification Documentation; which may be amended by mutual written agreement of the

Parties) within thirty (30) days after (i) the installation of such Equipment by AMC or LLC in accordance with Section 3.04 and (ii) the delivery of invoices by LLC to AMC supporting the expenses for which reimbursement is sought. All Theatre-level operational costs associated with AMC's use of Equipment located in the Theatres, such as the cost of electricity, shall be borne exclusively by AMC. LLC shall assure that the Equipment purchased by LLC satisfies AMC's specifications for such equipment, including the communication interface between LLC Equipment and AMC Equipment.

Section 3.02 Ownership of Equipment. As between the Parties, each Party will own the Equipment it pays for or reimburses the other Party for, whether pursuant to Section 3.01 or Section 3.03. To the extent possible, LLC agrees to assign to AMC any manufacturer warranties applicable to AMC Equipment procured by LLC pursuant to Section 3.01. If for any reason the aforementioned warranties are not assignable, upon written request of AMC, LLC shall use commercially reasonable efforts to enforce the warranties on behalf of AMC. Notwithstanding anything to the contrary herein, any LLC Equipment placed or installed in a Theatre for maintenance purposes may, upon termination of this Agreement or deletion of a particular Theatre as provided herein, as applicable, be removed by LLC and held for its sole benefit.

Section 3.03 AMC Equipment. AMC shall be permitted to furnish any of the Equipment, at its sole cost and expense, upon consultation with LLC, and provided such Equipment satisfies LLC's specifications for such Equipment (including compatibility with the Digital Content Network). LLC agrees to cooperate with AMC in good faith to permit the procurement by AMC of Equipment in lieu of procurement of such Equipment by LLC and reimbursement by AMC pursuant to Section 3.01.

Section 3.04 Installation.

(a) Performance. AMC and/or its subcontractors shall be solely responsible for the installation of all Equipment purchased pursuant to Section 3.01 or Section 3.03, as well as for ancillary services such as reporting, software integration and system cutover; provided, however, that AMC may elect to have LLC perform such services, and LLC shall then assume the responsibility for installation of all Equipment. If AMC elects for LLC to assume the responsibility for installation of all Equipment, (i) AMC shall reimburse LLC for the cost of installing AMC Equipment as set forth in the Specification Documentation, (ii) LLC will not issue invoices for any Equipment cost, or installation services related to such Equipment until the completion of such installation services, and (iii) LLC shall ensure that Equipment installed pursuant to this section is made functional in accordance with any installation rollout schedule agreed to by the Parties, as may be amended from time to time upon mutual agreement of the Parties or as circumstances warrant.

(b) Consultation; Landline. The Parties agree to consult with each other with respect to any modifications to Theatre premises necessary for receipt of the Advertising Services. LLC shall use commercially reasonable efforts to limit the size and number of satellite dishes that are required as part of the Equipment. AMC shall be solely responsible for obtaining any consents required for the installation or use of any Equipment at any Theatre, including without limitation governmental and landlord consents, provided LLC reasonably cooperates with AMC at AMC's request in obtaining such consents. If AMC cannot obtain consent to

installation of a satellite dish at a Theatre because of technical, landlord or legal restrictions, AMC and LLC shall work together in good faith to establish a landline connection to such location for the Digital Content Network. All costs of the landline connection, which shall be maintained with sufficient bandwidth for delivery of the Digital Content Service, shall be borne by LLC with respect to delivery of content from LLC to AMC's wide area network and by AMC with respect to delivery of content from AMC's wide area network to the applicable Theatres.

(c) Coordination. All installation, maintenance and other services provided by LLC to the Theatres hereunder shall be performed in a manner reasonably expected not to disrupt AMC's operations and, except where no practical alternative exists, shall be provided outside of Theatre business hours, as mutually determined by the Parties in their reasonable discretion. Subject to the preceding sentence and upon advance written notice, LLC and its vendors or subcontractors shall be provided reasonable access to the Theatres and such other support services as reasonably required to install and inspect the Equipment, for such fees as provided in the Specification Documentation, and otherwise as required to perform LLC's obligations under this Agreement. In addition to the foregoing, and with respect to the installation of Equipment in Newbuild Theatres only, LLC agrees (i) to cooperate with AMC in coordinating the installation of Equipment with the construction schedule for such Newbuild Theatres, and (ii) to consult with AMC prior to subcontracting the performance of Equipment installation so as to permit a determination of whether AMC might itself perform such Equipment installation.

Section 3.05 Upgrades and Modifications. In order to ensure compatibility with, and optimum performance and robustness of, the Digital Content Network and the LLC Equipment (including hardware and software), LLC reserves the right to request of AMC the replacement, upgrade or modification of any AMC Equipment installed at any Theatre or the assistance with an upgrade to Software on AMC Equipment; provided that such requests are equally and timely communicated to each of Regal, AMC and Cinemark (the "**Upgrade Request**"). In the event of an Upgrade Request, LLC shall provide AMC as much written notice as is reasonably practicable under the circumstances, but in no event less than ten (10) business days written notice. LLC and AMC will negotiate with each other in good faith on the terms of any Upgrade Requests, including cost sharing terms, if any. If LLC and AMC are not able to come to agreement about an Upgrade Request, LLC may elect to pay for the replacements, upgrades or modifications contained in the Upgrade Request including all reasonable incidental and incremental costs to AMC, and AMC shall be obligated to permit LLC to perform all necessary work to fulfill the Upgrade Request, provided (i) there is no additional unreimbursed cost to it to accept such replacement, upgrade or modification and (ii) that such replacement, upgrade or modification does not unreasonably interfere with AMC's theatre operations and does not include any replacement, upgrade or modification of AMC software without AMC's express prior written consent. LLC agrees that, to the extent practicable, it will develop a system that seeks to minimize the need to enter the Theatres in order to update the Software.

Section 3.06 Conversion of Theatres to Digital Cinema Equipment.

(a) Conversion of Digitized Theatres. During the Term and at its sole option, AMC may choose to install a Projection System in one or more auditoriums in any Digitized Theatre. As between AMC and LLC, AMC will be responsible for purchasing, installing and

maintaining the Projection Systems selected by AMC. After the installation of a Projection System in an auditorium in a Digitized Theatres, AMC, at its sole option, may elect to convert the manner in which the Advertising Services are exhibited in such auditorium from the existing Low Resolution Projection System to either a Dual Interface Architecture or the ACE Solution. Upon such conversion, such Projection Systems shall constitute AMC Equipment under this Agreement (the “**Digital Cinema Equipment**”), including, but not limited to, the Equipment set forth on Schedule A. During such conversion, AMC shall be responsible for connecting the Equipment, including LLC Equipment, to the AMC Equipment in a functional manner as mutually agreed by AMC and LLC. LLC shall be responsible for providing specifications and process instructions to AMC for such connectivity in advance of the scheduled conversion; provided that such specifications and process instructions shall not require AMC to acquire any additional equipment or software in order to effectuate such connectivity unless such additional equipment or software is purchased by LLC and does not render such Digital Cinema Equipment not DCI Spec Compliant. Once LLC receives notice from AMC that a Projection System has been installed in a given auditorium and that AMC has elected to convert the Advertising Services to such Projection System, LLC and AMC shall have the responsibility to jointly test such conversion to ensure that the Digital Cinema Equipment is operational to provide the Advertising Services. LLC and AMC hereby agree that the Auditoriums listed on Schedule 3.06(a) have Digital Cinema Equipment operational to provide Advertising Services as of October 1, 2010. If the conversion is operational to provide the Advertising Services, LLC shall notify AMC in writing (the “**LLC Confirmation**”). If the conversion is not operational to provide the Advertising Services, LLC and AMC shall cooperate to make the system operational to provide the Advertising Services. The Parties agree that LLC shall have 60 days, which shall include all testing, following receipt of notice from AMC that a Projection System has been installed and is capable of receiving the Advertising Services in a given auditorium to complete the conversion in such auditorium. Until the testing of the conversion has been completed and approved, AMC shall not be permitted to remove the Low Resolution Projection System from such auditorium. After a conversion of an auditorium has been completed and approved, AMC may, in certain limited circumstances, replace the Digital Cinema Equipment with 35mm projection. In such event AMC shall reinstall Low Resolution Projection Systems in order to deliver the Advertising Services in such auditoriums and AMC will no longer be required to exhibit 3D Advertising Services in such auditoriums.

(b) Non-Digital Theatres. During the Term and at its sole option, AMC may choose to install a Projection System in one or more auditoriums in any Non-Digitized Theatre. As between AMC and LLC, AMC will be responsible for purchasing, installing and maintaining the Projection Systems selected by AMC. After the installation of a Projection System in an Auditorium in a Non-Digitized Theatre, AMC, at its sole option, may elect to convert such Non-Digitized Theatre to a Digitized Theatre. Upon such conversion, such Projection Systems shall constitute Digital Cinema Equipment under this Agreement. During such conversion, AMC shall be responsible for connecting the Equipment, including LLC Equipment, to the AMC Equipment in a functional manner as mutually agreed by AMC and LLC. LLC shall be responsible for providing specifications and process instructions to AMC for such connectivity in advance of the scheduled conversion; provided that such specifications and process instructions shall not require AMC to acquire any additional equipment or software in order to effectuate such connectivity. Once LLC receives notice from AMC that a Projection System has been

installed in a given auditorium and that AMC has elected to convert such Non-Digitized Theatre to a Digitized Theatre, LLC and AMC shall have the responsibility to jointly test such conversion to ensure that the Equipment is operational to provide the Advertising Services. If the conversion is operational to provide the Advertising Services, LLC shall provide AMC with a LLC Confirmation. If the conversion is not operational to provide the Advertising Services, LLC and AMC shall cooperate to make the system operational to provide the Advertising Services. The Parties agree that LLC shall have 60 days, which shall include all testing, following receipt of notice from AMC that a Projection System has been installed and is capable of receiving the Advertising Services in a given auditorium to complete the conversion in such auditorium. After a conversion of an auditorium has been completed and approved, AMC may, in certain limited circumstances, replace the Digital Cinema Equipment with 35mm projection. In such event AMC shall install Low Resolution Projection Systems in order to deliver the Advertising Services in such auditoriums and AMC will no longer be required to exhibit 3D Advertising Services in such auditoriums.

(c) Maintenance Obligations. At the time any Digital Cinema Equipment is used to deliver Advertising Services hereunder, whether using a Dual Interface Architecture or the ACE Solution, LLC shall have no further obligation to maintain the Low Resolution Projection System in that auditorium or to remove or dispose of such projection system. LLC shall continue to be responsible for maintaining the Equipment, including the LLC Equipment and any remaining Low Resolution Projection Systems in use at such Digitized Theatre, pursuant to the terms of this Agreement, as identified on Schedules 2, 3 and 4. AMC shall continue to be responsible for maintaining all AMC Equipment, including the Digital Cinema Equipment.

(d) Dual Interface Architecture or ACE Solution. Subject to the requirements and procedures set forth in Section 3.06(a) or (b) as applicable nothing in this Section 3.06 shall prohibit AMC from implementing either a Dual Interface Architecture or the ACE Solution or from switching from a Dual Interface Architecture to the ACE Solution or vice-versa. In addition, in certain limited circumstances, AMC may replace the Digital Cinema Equipment with 35mm projection in specific auditoriums and, in such circumstances, AMC shall reinstall Low Resolution Projection Systems in order to deliver the Advertising Services in such auditoriums on the same terms and conditions as existed prior to the initial conversion to either a Dual Interface Architecture or ACE Solution, as applicable. For any auditorium converted to the ACE Solution, LLC shall be responsible for all costs necessary to provide the Advertising Services for each Play List in the SMPTE format described in Section 4.01(a), and AMC will be responsible for all costs necessary to receive the Advertising Services content into AMC's TMS and append the digital cinema playlist to provide LLC substantially the same functionality that existed before the conversion to the ACE Solution.

(e) Conversion Reporting. AMC will provide LLC with a weekly report setting forth (i) a list of the auditoriums in each Digitized Theatre that AMC intends to convert the Advertising Services to Dual Interface Architecture or ACE Solution and the time frame thereof, (ii) a list of the auditoriums in each Non-Digitized Theatre that AMC intends to convert to auditoriums in a Digitized Theatre using a Dual Interface Architecture or ACE Solution and the time frame thereof, and (iii) a list of the auditoriums in each Theatre as to which Digital Cinema Equipment is being used for Advertising Services.

(f) Integration. The Parties shall cooperate in good faith during the conversion process contemplated by this Section 3.06. Once LLC receives notice from AMC that a Projection System has been installed in a given auditorium and AMC has elected to convert the Advertising Services to such Projection System, LLC shall reimburse AMC for incremental costs incurred by AMC resulting from delays by LLC in completing the integration within 60 days following receipt of notice from AMC that a Projection System has been installed in a given auditorium.

Section 3.07 Training. To the extent necessary, LLC and AMC, respectively, will provide training services to AMC's support staff and customer service and other employees and agents on terms as mutually agreed by the Parties in their reasonable discretion. LLC agrees that it will pay for these training services and they will be adequate to permit AMC to train its own employees and agents as required to perform under this Agreement. AMC agrees to provide training services according to any reasonable standards as may be promulgated by LLC in consultation with AMC. LLC agrees to provide training services, at its cost, to AMC's support staff and other employees with respect to any Equipment or Software upgrades or modifications prior to implementation.

Section 3.08 Equipment Maintenance Standard.

(a) Standard; Replacement. During the Term, the Parties shall each use their commercially reasonable efforts (i) to ensure there is no unauthorized access, loss or damage to or theft of Equipment hereunder, and (ii) to prevent piracy or other theft of Inventory exhibited through the use of such Equipment or otherwise in its possession or control. AMC further agrees to keep all AMC Equipment, including without limitation Lobby Screens, clean, and to promptly notify LLC if any AMC Equipment is not functioning properly. AMC shall promptly arrange to repair or replace any Equipment in its possession (provided the damage interferes with the delivery of the Advertising Services) that is lost, stolen, damaged or otherwise fails to function or becomes inoperable, other than because of LLC's failure to properly maintain the Equipment as set forth in Section 3.08(b).

(b) Performance of Repair and Replacement. Subject to the terms of this Section 3.08(b) and of Section 3.08(c) below regarding cost, the repair and replacement of Equipment shall be performed by LLC until such time as AMC elects to assume this responsibility by giving written notice to LLC. If AMC assumes this responsibility to perform replacement or repair but fails to maintain the AMC Equipment at a performance level substantially similar to the LLC Equipment, then LLC shall promptly provide AMC written notice of such failure and if such failure is not cured within 30 days, LLC shall be entitled to repair, or if repair is not reasonably possible, replace such LLC Equipment not so maintained and deduct the cost of such replacement from AMC's Theatre Access Fees.

(c) Repair Costs. So long as LLC is performing repair and replacement of Equipment, LLC shall pay the costs of repair (but not replacement, which is the responsibility of AMC). Notwithstanding anything to the contrary in this Section 3.08, LLC shall not be required or requested to make any expenditures that (i) would constitute a capital expenditure for LLC under GAAP or (ii) would have otherwise been payable by AMC's insurance provider; provided, however, LLC shall be responsible for all costs to repair or replace Equipment to the extent damaged as a result of the negligence or misconduct of LLC and/or its subcontractors.

(d) Condition. Subject to the foregoing, for purposes of ongoing maintenance, LLC shall keep and maintain Equipment installed in the Theatres in good condition and repair at its sole expense (with the exception of projector bulb replacement and equipment replacement, the cost of which shall be borne by AMC), and in a manner consistent with the Service Level Agreement set forth in the Specification Documentation and as may be reasonably amended by mutual agreement of LLC and AMC from time to time. The Parties agree to consult with each other on a regular basis during the Term in an attempt to reduce maintenance costs arising from redundancies in the Parties' respective service fleets. Upon advance notice to AMC, AMC shall provide LLC and/or its subcontractors reasonable access to the Equipment and such other support services as LLC and/or its subcontractors reasonably require to provide maintenance and repair services as required hereunder.

ARTICLE 4

DELIVERY OF THE ADVERTISING SERVICES

Section 4.01 Content and Distribution of the Digital Content Service and Traditional Content Program.

(a) Distribution; Quality. On the Original Effective Date, LLC will commence distribution of the Digital Carousel, the Digital Content Service and the Traditional Content Program to the Digitized Theatres and Non-Digitized Theatres, all as set forth above in Article 2. With respect to Digitized Theatres, content shall be distributed through the Digital Content Network, via either LLC's satellite network or by LLC's or exhibitor's landline network. Each of the Pre-Feature Program and the Video Display Program shall consist of Inventory comprising a single play list ("**Play List**"). The Play List will be refreshed during the Term when and as determined by LLC but not less frequently than 12 times per year (each a "**Flight**"). The Digital Carousel, the Digital Content Service (including the Pre-Feature Programming Schedule) and the Traditional Content Program will be substantially similar in nature, quality, and scope to the corresponding advertising, promotional and other content, as received by the Theatres immediately prior to the Original Effective Date, and will in addition be delivered pursuant to the Service Level Agreement included in the Specification Documentation, as applicable. In addition, LLC agrees that the quality of the Advertising Services delivered to each of the Founding Members will be consistent throughout the Term. If AMC elects to use the ACE Solution to deliver the Advertising Services which use Digital Cinema Equipment, LLC shall ensure that such Advertising Services are provided to AMC as specified in the SMPTE draft, as of March 10, 2010, named Proposed 430-8, D-Cinema Operations Show Playlist (which addresses provision of show playlist and showpack by a third party to a DCI compliant TMS) and, with respect to the Digital Carousel, the Pre-Feature Program, and the Policy Trailer, in the format of the film exhibited on the AMC Equipment which follows the Advertising Services. Notwithstanding the foregoing, the Parties agree that from October 1, 2010 through the earlier of (i) the date that the ACE Solution has been installed with respect to 1,000 total Digital Screens (including Digital Screens operated by the other Founding Members of LLC and Network Affiliates), or (ii) December 31, 2011, LLC may deliver the Advertising Services to Theatres requiring the JPEG 2000 format via disc drives rather than via satellite.

(b) Pre-Feature Programs.

(i) Pre-Feature Program. The Pre-Feature Program shall consist of four (4) or more elements, including: (i) commercial advertising;

(ii) promotions for the AMC brand (including the Brand and Branded Slots), Concessions sold and services used by AMC and other products and services in accordance with Section 4.05; (iii) interstitial content; and (iv) other entertainment programming content which, while promotional of businesses or products, shall be primarily entertaining, educational or informational in nature, rather than commercially inspired. Additionally, only to the extent required by the terms of the Alternative Content Services Agreement and subject to the limitations set forth therein, Event Sponsorships and promotions for Digital Programming Events may be included in the Pre-Feature Program.

(ii) Digital Programming Event Pre-Feature Program. Under the Alternative Content Services Agreement, LLC and Alternative Content

JV agree to work together to develop and exhibit a Digital Programming Event Pre-Feature Program. AMC acknowledges that it is the intent of LLC and Alternative Content JV that the Digital Programming Event Pre-Feature Program shall consist of five (5) or more elements, including: (i) commercial advertising; (ii) promotions for the AMC brand (including the Brand and Branded Slots), Concessions sold and services used by AMC and other products and services in accordance with Section 4.05; (iii) interstitial content; (iv) promotional content used by Alternative Content JV to promote Digital Programming Events which may include a Sponsor Message; and (v) other entertainment programming content which, while promotional of businesses or products, shall be primarily entertaining, educational or informational in nature, rather than commercially inspired. Any Digital Programming Event Pre-Feature Program shall conclude at Showtime for the Digital Programming Event in order to permit Alternative Content JV and/or AMC opportunities to exhibit Event Trailers or Trailers. Any Digital Programming Event Pre-Feature Program will be programmed, to the extent commercially reasonable, to cater to the demographic of the audience of the related Digital Programming Event. AMC acknowledges and agrees that as of the Restated Effective Date, it is not commercially reasonable to deliver Digital Programming Event Pre-Feature Programs that are customized for the AMC Brand or that cater to the demographic of the audience of the related Digital Programming Event. Any advertising, promotion, marketing or other services set forth in the definition of the "Advertising Services" contained in the Digital Programming Event Pre-Feature Program and exhibited by AMC at the direction of LLC or Alternative Content JV shall be expressly permitted by LLC hereunder notwithstanding the provisions of Section 2.04 hereof.

(iii) LLC shall have no liability of any kind under this Agreement for any content provided by Alternative Content JV.

(c) Video Display Program. The elements of the Video Display Program shall be, generally, the same as those for the Pre-Feature Program, and will include the Brand and the Branded Slots. LLC specifically agrees that the Video Display Program will contain only material that has received, or had it been rated would have received, an MPAA "G" or "PG" rating. In addition, LLC shall not restrict the sale of Inventory from the Video Display Program

for promotions of feature films. Lobby Screens displaying the Video Display Program shall be located in areas of Theatres of LLC's choosing (subject to AMC's reasonable operational constraints and provided relocation of existing Lobby Screens is not required). AMC is obligated to provide at least one Lobby Screen per Digitized Theatre with ten or fewer screens, two Lobby Screens per Digitized Theatre with eleven to twenty screens and three Lobby Screens per Digitized Theatre with more than twenty screens; provided, however, that AMC shall have no obligation to increase the number of Lobby Screens in any Theatre that has at least one Lobby Screen that is capable of receiving the Video Display Program as of the Original Effective Date. When a Theatre has more than the minimum number of Lobby Screens required, AMC may, at its discretion, elect to display on such excess Lobby Screens (i) the Video Display Program or (ii) internal programming (including promotion of AMC's internal business or promotion of Digital Programming Events) that does not include third-party advertising and/or third-party mentions for products and services (other than Theatre Advertising or Sponsor Messages in connection with Event Sponsorships); provided, however, AMC shall provide at least 30 days advance notice prior to an initial election of either (i) or (ii) in any such Theatre, and at least 60 days advance notice prior to any subsequent change in election.

Section 4.02 Lobby Promotions.

(a) **Delivery.** On the Original Effective Date, LLC will make available to the Theatres the Lobby Promotions, and AMC will accept such Lobby Promotions on the terms and conditions set forth herein.

(b) **Guidelines; Inventory.** Lobby Promotions shall satisfy the guidelines and specifications set forth herein and as may be provided by AMC to LLC pursuant to Section 4.02(c). The Inventory of Lobby Promotions for each Theatre that AMC covenants to display pursuant to this Agreement is set forth in Exhibit A-1. LLC may provide additional Lobby Promotions ("**Additional Lobby Promotions**"), subject to approval by AMC. LLC will take all other actions necessary and prudent to ensure the delivery of Lobby Promotions as required under the terms hereof. LLC will inform AMC of the length of time that Lobby Promotions and Additional Lobby Promotions are to be displayed.

(c) **Standards and Specifications.** LLC covenants and agrees that Lobby Promotions provided pursuant to this Agreement will conform to all standards and specifications of which AMC provides LLC reasonable notice during the Term, including without limitation standards and specifications with respect to manufacturers and suppliers, sizing (e.g., cup and popcorn tub sizing), timing of delivery of concession supplies to Theatres, reimbursement of incremental costs (e.g., cups, floor mats, plates) and the like. LLC further covenants that the Lobby Promotions will not diminish or tarnish the reputation of AMC or unreasonably disrupt Theatre operations, including, without limitation, traffic flow or noise level, each as determined in AMC's reasonable discretion, and that Lobby Promotions will comply with the content standards set forth in Section 4.03. LLC specifically agrees (i) that Lobby Promotions will contain only material that has received, or had it been rated would have received, an MPAA "G" or "PG" rating, (ii) that the only type of sampling that will be permitted is exit sampling, (iii) to refrain from distributing chewing gum as part of any Lobby Promotion, other than attended sampling as patrons are exiting the Theatre, (iv) not to permit a Lobby Promotion that would distribute or sample any item that is the same as or substantially similar to any item sold at the Theatre's concession stand and (v) not to permit a Lobby Promotion involving fund raising on Theatre property.

(d) Costs. LLC will be responsible for all costs and expenses associated with sourcing, production, delivery and execution of Lobby Promotions to the Theatres, including incremental costs actually incurred by the Theatres in connection with Lobby Promotions. In its discretion, AMC may make employees available to assist in Lobby Promotions requiring exit sampling; provided that LLC shall reimburse AMC for the employees' time used to conduct the exit sampling at their customary wage.

(e) Alternative Content Lobby Promotions. To the extent that AMC provides Alternative Content JV with the right to use certain Inventory of Lobby Promotions to promote Digital Programming Events, AMC may display such promotions at the direction of Alternative Content JV notwithstanding the provisions of Section 2.04 hereof, provided that such promotions are limited to a Sponsor Message in connection with an Event Sponsorship.

Section 4.03 Content Standards. The Parties agree that (unless mutually agreed by the Parties with respect to clauses (i), (iii), (iv), (v) or (vi)) all content within the Advertising Services will not contain content or other material that: (i) has received, or had it been rated would have received, an MPAA "X" or "NC-17" rating (or the equivalent), (ii) promotes illegal activity, (iii) promotes the use of tobacco, sexual aids, birth control, firearms, weapons or similar products; (iv) promotes alcohol, except prior to "R"-rated films in the auditorium; (v) constitutes religious advertising (except on a local basis, exhibiting time and location for local church services); (vi) constitutes political advertising or promotes gambling; (vii) promotes theatres, theatre circuits or other entities that are competitive with AMC or LLC; (viii) would violate any of AMC's Beverage Agreements or the exclusive contractual relationships identified in the Specification Documentation (including renewals and extensions of the foregoing, but excluding any amendments or modifications thereto as such relate to such content standards) and any subsequent exclusive arrangement entered into by LLC with respect to the Theatres; or (ix) otherwise reflects negatively on AMC or adversely affects AMC's attendance as determined in AMC's reasonable discretion. AMC may, without liability, breach or otherwise, prevent and/or take any other actions with respect to the use or distribution of content that violates the foregoing standards; provided, that with respect to Section 4.03(ix), AMC may opt out of such content in the Advertising Services only with respect to Theatres in the geographic locations identified, which may include all of AMC's Theatres. If the Digital Content Service contains any content that violates the foregoing standards, LLC must remove such content as soon as reasonably practical, but no later than within 24 hours of AMC notifying LLC of such violation. If LLC fails to remove such content within such 24-hour period, AMC may discontinue the Digital Content Service in such auditoriums where such content is shown until the violating content is removed and shall have no liability for such discontinuation. If any other elements of the Advertising Services contain any content that violates the foregoing standards, LLC shall at AMC's request, or AMC acting on its own behalf may, upon giving written notice to LLC, remove such content immediately. If any Founding Member opts out of any Lobby Promotion or other advertising pursuant to Section 4.03(viii) or (ix) of this Agreement, the AMC Exhibitor Agreement or the Cinemark Exhibitor Agreement (as applicable) or out of any Video Display Program because of lack of equipment to display such content, or if any Founding Member does

not agree to exhibit any content of the Advertising Services subject to Section 4.03(i), (iii), (iv), (v) or (vi), then LLC shall apply any revenue it is entitled to receive from such Advertising Services ("4.03 Revenue") to adjust payments of the Theatre Access Fee as set forth in Schedule 1.

Section 4.04 Development of the Advertising Services. All operational costs associated with LLC's procurement, preparation and delivery of the Advertising Services (including Inventory and other promotional materials as provided herein) to the Theatres shall be borne exclusively by LLC. Except as provided herein, all in-Theatre operational costs associated with AMC's receipt and exhibition of the Advertising Services within the Theatres shall be borne exclusively by AMC; provided that, upon prior written notice to and consultation with LLC, LLC shall reimburse AMC for its reasonable incremental out-of-pocket third party costs incurred in connection with receipt and exhibition of the Advertising Services within the Theatres. Any excess on-screen Inventory which may be made available to AMC in LLC's discretion pursuant to Section 5.03 or otherwise, and any other on-screen Inventory provided by AMC pursuant to Section 4.05, will be subject to both Parties' review and approval, which will not be unreasonably withheld. LLC will provide at its own expense all creative and post-production services necessary to ingest, encode and otherwise prepare for distribution all other on-screen Inventory as part of the Digital Content Service. All on-screen Inventory provided by AMC for inclusion in the Digital Content Service must (i) be submitted to LLC for review for compliance with (ii) and (iii) below as LLC may reasonably request, but in any event at least twenty (20) business days before scheduled exhibition (unless otherwise previously approved by LLC), (ii) satisfy the content restrictions enumerated in Section 4.03(i) through (vii) hereof, and (iii) be fully produced in accordance with LLC's technical specifications as promulgated by LLC from time to time (all as provided in written or electronic form to AMC in a reasonable time period prior to implementation, including any amendments thereto; and which are equally applied to all exhibitors), ready for exhibition, as well as in accordance with applicable LLC commercial standards and operating policies, and all applicable federal, state and local laws and regulations. LLC must reject or approve all Inventory provided by AMC within five (5) business days. Any such Inventory provided by AMC and not rejected within such time frame shall be deemed approved and incorporated into the Advertising Services. Any Inventory provided by AMC for review and approval by LLC need not, once approved by LLC, be resubmitted by AMC for approval in connection with any future use.

Section 4.05 Brand; Policy Trailer; Branded Slots.

(a) Branded Content. LLC agrees to create, in conjunction with and subject to AMC's prior approval, a AMC brand identity (the "**Brand**") that will surround, or "house," the Digital Content Service and include interstitial messaging ("bridges and bumps"), throughout the Play List and in the Policy Trailer, to reinforce the Brand. The interstitial messaging shall include a Pre-Feature Program introduction and close containing content branded with the AMC Marks. The close shall also include content branded with the marks of AMC's beverage concessionaire. The Brand and the Branded Slots shall not contain the display of any trademark, service mark, logo or other branding of a film, film studio(s), distributor(s), or production company(ies). In addition to the interstitial messaging, the Digital Content Service will feature (i) up to two (2) minutes for the promotion of AMC's internal business and/or promotional

materials for Digital Programming Events (the “**Branded Slots**”) in each Play List, (ii) the Policy Trailer, to be created by LLC at the direction of AMC as part of the Creative Services and (iii) any other content as may be agreed between AMC and LLC. The Parties hereby acknowledge that AMC has the right to exhibit the PSA Trailer after Showtime.

(b) Policy Trailer. The policy trailer will be (i) up to 60 seconds, (ii) exhibited in the Theatres after Showtime, and (iii) used to feature content relating to Theatre policy and operations, and may include (w) a policy service announcement that promotes appropriate theatre behavior, (x) promotions of AMC Concessions, (y) the display of any trademark, service mark, logo or other branding of a film studio(s), distributor(s), or production company(ies) and (z) upon prior written approval of AMC, other promotional materials of third-party products for which LLC sells advertising and is paid a fee (the “**Policy Trailer**”).

(c) Branded Slot. Each Branded Slot may only exhibit Theatre Advertising and/or Sponsor Messages in connection with Event Sponsorships. LLC is required to include no less than forty-five (45) seconds of Branded Slots within the final fifteen (15) minutes of the Play List, fifteen (15) seconds of which shall be included within the final eleven (11) minutes of the Play List; provided, that LLC may begin these Branded Slots up to one minute earlier when LLC expands the amount of advertising units that follow these Branded Slots through the sale of additional advertising to third parties. LLC shall not exhibit any advertising relating to LLC after AMC’s Branded Slot placement referred to in this Section 4.05(c).

(d) Restrictions. Other than as permitted in Sections 4.05(a), (b), (c) or Section 4.07, none of the Brand, the Policy Trailer or the Branded Slots will include third-party advertising and/or third-party mentions for products and services, without LLC’s prior written approval; provided that a Branded Slot promoting a Digital Programming Event may include a Sponsor Message.

(e) Creative Services. The Brand messaging, Policy Trailer and Branded Slots may be created and edited by LLC as part of the Creative Services, in consultation with AMC, subject to final, mutual agreement of the Parties. LLC will provide AMC with up to 1,000 hours of Creative Services annually at no cost for Brand development, Policy Trailers and Branded Slots exhibiting Theatre Advertising. Time spent on Creative Services exceeding the initial 1,000 hours shall be determined as described in Exhibit B. AMC may use other vendors for creative services at AMC’s cost and subject to LLC’s production standards.

(f) Traditional Content Program. The Traditional Content Program in Non-Digitized Theatres will contain, at a minimum, promotions for AMC’s beverage and other Concessions.

Section 4.06 Beverage and Legacy Agreements.

(a) Beverage Agreements. LLC shall, through the expiration or other termination of AMC’s Beverage Agreement in effect on the Restated Effective Date, display or exhibit, as applicable, as part of the Advertising Services, advertising Inventory meeting any and all specifications and requirements prescribed by the Beverage Agreement, including format, length (not to be longer than ninety (90) seconds), and placement within the Play List, as set

forth in the Specification Documentation, with compliance by LLC to be within a reasonable time after such specifications are communicated from time-to-time by AMC to LLC in a written notice. In consideration for the advertising pursuant to the Beverage Agreement, AMC agrees to pay LLC at the advertising rates set forth on Exhibit B (the “**Beverage Agreement Advertising Rate**”). The Beverage Agreement Advertising Rate shall be paid on or before the last day of LLC’s fiscal month following LLC’s fiscal month in which the Advertising Services related to the Beverage Agreement were provided. Beginning after AMC’s Beverage Agreement in effect on the Restated Effective Date expires or otherwise terminates through the end of the Term, AMC shall have the right to have included in the Advertising Services advertising Inventory for its beverage concessionaires at the then current Beverage Agreement Advertising Rate; provided that AMC (i) keeps LLC apprised of the status of negotiations with the beverage vendor (including likelihood of reaching agreement, advertising length and placement required), from the time such negotiations begin until an agreement is signed, and (ii) provides LLC notice (including advertising length and placement required) within two (2) business days after the date that AMC and its beverage concessionaire agree on terms for a new Beverage Agreement. AMC shall be permitted to prescribe the length and placement within the Play List of on-screen Inventory based on the requirements of the Beverage Agreements which may then be in effect between AMC and such then-applicable beverage concessionaires; provided that such Inventory shall not exceed ninety (90) seconds in length for all such Beverage Agreements. AMC-redacted and/or AMC-selected (by disclosure or summary) contents of the Beverage Agreement shall only be disclosed as, and to the extent, required pursuant to this Agreement, provided such disclosure would not violate the terms of such Beverage Agreement.

(b) AMC Legacy Agreements.

(i) Listing. The Specification Documentation sets forth a list of the AMC Legacy Agreements, including the identity of each advertiser. On the Original Effective Date, AMC shall assign all rights and obligations arising from or out of each AMC Legacy Agreement to LLC.

(ii) Non-Assignable Legacy Agreements. This Agreement shall not constitute an assignment or transfer, or an attempted assignment or transfer, of any AMC Legacy Agreement, if and to the extent such agreement is a “**Non-Assignable Legacy Agreement**,” meaning that the assignment or transfer of such AMC Legacy Agreement would constitute a breach of the terms of such AMC Legacy Agreement. AMC and LLC shall use commercially reasonable efforts to obtain a waiver to assignment of any Non-Assignable Legacy Agreement and in the meantime AMC shall pay to LLC all proceeds from any Legacy Agreement. To the extent that any waiver referred to in this Section 4.06(b)(ii) is not obtained by AMC, AMC shall also use commercially reasonable efforts to, at the request of LLC, enforce for the account of LLC any right of AMC arising from any Non-Assignable Legacy Agreement. LLC shall perform the obligations of AMC under or in connection with any Non-Assignable Legacy Agreement, except to the extent that LLC is not provided the benefits thereof in any material respect pursuant to this Section 4.06(b)(ii).

Section 4.07 Other AMC Advertising Agreements.

(a) Theatre Advertising. In addition to advertising Inventory referenced above in Sections 4.05 and 4.06, AMC may purchase, on an arm's length basis and subject to availability, as part of the Advertising Services, advertising Inventory for Theatre Advertising and to promote Digital Programming Events. AMC shall pay for Advertising Services pursuant to this Section 4.07(a) on or before the last day of LLC's fiscal month following LLC's fiscal month in which the Advertising Services were provided.

(b) Non-Theatre Advertising. AMC may enter into a cross-marketing arrangement designed to (i) promote the Theatres and the movie-going experience with a local, regional or nationally-known vendor of products or services that are not of the type described in Theatre Advertising or (ii) promote Digital Programming Events, in either case, for the purpose of generating increased attendance at the Theatres or increased revenue for AMC (other than revenue from any Advertising Services) (the "**Strategic Relationship**") with advertising of such products or services being presented in the Theatres (either in the Video Display Program or in Lobby Promotions) ("**Strategic Programs**"), subject to the terms set forth in this Section 4.07(b). Strategic Programs may not be made on an exclusive basis. Strategic Programs entered into in connection with a Digital Programming Event shall not include any third-party advertising, trademarks, service marks, logos or other branding and/or third-party mentions for products and services except for a Sponsor Message. AMC covenants that it shall not re-sell any Advertising Services, including those received in connection with Strategic Programs. Strategic Programs shall be subject to the following limitations:

(i) Strategic Programs. AMC may conduct at no cost with respect to any Strategic Programs no more than (A) two (2) local or regional promotions per Flight per Theatre and (B) four (4) national promotions per year; provided, however, that no more than one national promotion may run at any time (the "**Client Limitation**"). By means of illustration, the Client Limitation for national promotions are not limited to a Flight, accordingly, one national promotion may run for twelve months, two national promotions may run for six months each provided that they do not run at the same time, four national promotions may run for three months each provided that they do not run at the same time, or another combination of national promotions may be used if there are no more than four promotions within a twelve-month period. For purposes of this Section 4.07(b), each continuously running promotion is counted as one promotion, regardless of whether such promotion is displayed using only one element (e.g., Lobby Screens) or displayed in an integrated basis using multiple elements (e.g., Lobby Screens and Lobby Promotions). Additionally, for purposes of this Section 4.07(b), a local or regional promotion is a promotion that is exhibited in Theatres located within one or two contiguous Designated Marketing Areas (as defined by the term DMA[®], a registered trademark of Nielsen Marketing Research, Inc.), and a national promotion is a promotion that is exhibited in Theatres located within two (other than two contiguous) or more Designated Marketing Areas.

(ii) Strategic LEN Promotions. With respect to Strategic Programs in the Video Display Program ("**Strategic LEN Promotions**"), AMC may utilize at no cost up to one minute of time for its Strategic Programs per every thirty (30) minutes of the Video Display Program advertising. AMC may purchase an additional one minute for every thirty (30) minutes of the Video Display Program advertising for use in Strategic Programs at the applicable rate card rate for third-party advertising established by LLC for such Video Display Program

advertising inventory. Any purchase of time for Strategic LEN Promotions in excess of the two minutes described above or any utilization of Strategic LEN Promotions in excess of the Client Limitation may be obtained at rate card rates and subject to availability, only with prior written consent of LLC, acting in its sole discretion. Strategic LEN Promotions may not be displayed on any Lobby Screens that, pursuant to Section 4.01(c), are displaying internal programming of AMC and may not be made to promote any film, film studio(s), distributor(s) or production company(ies).

(iii) Strategic Lobby Promotions. With respect to Strategic Programs through Lobby Promotions (“**Strategic Lobby Promotions**”), AMC may utilize only such type and number of Inventory that is available to LLC in the applicable Theatre(s) on a pre-approved basis; provided, however, vehicle/motorcycle displays and floor mats will not be available for use in Strategic Lobby Promotions. AMC may purchase an additional amount of Inventory in excess of the Strategic Lobby Promotions described above or in excess of the Client Limitation at rate card rates and subject to availability, only with prior written consent of LLC, acting in its sole discretion.

Section 4.08 AMC Run-Out Obligations.

(a) Encumbered Theatres. AMC agrees to provide LLC written notice as much in advance as is reasonably practicable under the circumstances of, and to furnish LLC true and correct copies (reasonably redacted by AMC and subject to confidentiality) of all documentation evidencing, all valid, pre-existing contractual obligations (the “**Run-Out Obligations**”) relating to any of the advertising, promotional and event activities and services in any Acquisition Theatres (collectively, the “**Encumbered Theatres**”); provided such disclosure does not violate the terms of any such agreements.

(i) No Run-Out Obligations. Agreements with advertisers that purchase advertising are Legacy Agreements and do not create Run-Out Obligations. AMC shall, effective upon acquisition of the Acquisition Theatre, terminate any agreements between AMC and an Affiliate relating to advertising, promotional and event activities and services in any Acquisition Theatre, so that any such agreements do not create Run-Out Obligations.

(ii) Run-Out Obligations. AMC and/or its Affiliates (as applicable) shall be permitted to abide by the terms of the Run-Out Obligations; however, AMC agrees, subject to legal constraints (if any), to use commercially reasonable efforts to obtain the termination of such Run-Out Obligations, including without limitation neither extending nor renewing such Run-Out Obligations (provided that AMC shall have no obligation to make any payment in connection with obtaining the termination of such Run-Out Obligations). AMC further agrees not to enter into any new agreement with any third party with respect to any Encumbered Theatre, or amend or modify any Run-Out Obligation, to the extent such agreement, amendment or modification would be inconsistent with the rights of LLC under Section 2.04 or have the effect of any extension. Prior to the expiration of the Run-Out Obligations, each Encumbered Theatre may, upon the mutual agreement of LLC and AMC, become a Theatre with respect to some or all of the Advertising Services, provided such election does not create a default under any Run-Out Obligation. In any event, except in accordance with Section 4.13 (Excluded Theatres; IMAX Screens) or as may be mutually agreed by the Parties in writing, each Encumbered Theatre shall automatically become a Theatre, for all purposes hereof, no later than the expiration of the Run-Out Obligations with respect to such Encumbered Theatre.

(b) Exclusive Run-Out Obligations. With respect to each Advertising Service for which the third party to the Run-Out Obligations has exclusive rights as a service provider, if AMC has provided LLC with written notice of AMC's intent to receive additional equity in LLC with respect to the Encumbered Theatres pursuant to the Unit Adjustment Agreement, AMC shall, until such Run-Out Obligations have terminated, make a quarterly Exclusivity Run-Out Payment (as defined in Schedule 1) to LLC. Any such payments shall be made on or before the last day of LLC's fiscal month following the fiscal quarter in which AMC receives the Advertising Services from the third party to the Run-Out Obligations.

(c) Non-Exclusive Run-Out Obligations. With respect to each Advertising Service for which the third party to the Run-Out Obligations has non-exclusive rights as a service provider, if AMC has provided LLC with written notice of AMC's intent to receive additional equity in LLC with respect to the Encumbered Theatres pursuant to the Unit Adjustment Agreement, AMC shall, until such Run-Out Obligations have terminated, pay LLC [***]. Any such payments shall be made on or before the last day of LLC's fiscal month following the fiscal quarter in which AMC receives third party payment for the Advertising Services.

(d) Beverage Agreement Advertising Rate and Encumbered Theatres. If AMC has provided LLC with written notice of AMC's intent to receive additional equity in LLC with respect to the Encumbered Theatres prior to termination of the Run-Out Obligations pursuant to the Unit Adjustment Agreement, the attendance at Encumbered Theatres shall be included in the calculation of the Beverage Agreement Advertising Rate.

Section 4.09 License. LLC hereby grants to AMC and its Affiliates a limited, non-exclusive, non-transferable, non-sublicenseable license in the Theatres only to receive, store, display and exhibit the Digital Content Service, the Traditional Content Program and the Digital Carousel, as applicable, on the LLC Equipment and the AMC Equipment solely in connection with its performance of and subject to all of the terms and conditions of this Agreement. AMC may not alter intentionally the Digital Content Service, the Traditional Content Program or the Digital Carousel or otherwise intentionally exhibit the Digital Content Service, the Traditional Content Program or the Digital Carousel in a manner resulting in a change to the Digital Content Service, Traditional Content Program or Digital Carousel or any related on-screen Inventory, nor may AMC use or make the Digital Content Service, Traditional Content Program or Digital Carousel available for any purpose, at any location, or in any manner not specifically authorized by this Agreement, including without limitation recording, copying or duplicating the Digital Content Service, Traditional Content Service or Digital Carousel or any portion thereof. AMC shall at all times receive and exhibit the Digital Content Service or Traditional Content Program and Digital Carousel in accordance with such policies and procedures of LLC that are provided in advance to AMC and consistently applied with respect to other exhibitors from time to time. Each Party shall be solely responsible for obtaining and providing all rights, licenses, clearances and consents necessary for the use of any Inventory it sources or creates (whether or not it sources or creates such Inventory on behalf of the other Party), or that is prepared or provided by third parties on its behalf, as contemplated herein, except as may otherwise be agreed by the Parties in writing.

Section 4.10 Cooperation and Assistance. The Parties agree that the effectiveness and quality of the Advertising Services as provided by LLC are dependent on the cooperation and operational support of both Parties.

(a) **AMC.** AMC agrees that it (and each of the Theatres) shall at all times during the Term provide LLC, at AMC's own cost except as otherwise provided in this Agreement, with the following:

(i) internal resources and permissions as reasonably required to effectuate delivery of the Advertising Services, including without limitation projection and sound technicians and other employees to assist with LLC Equipment installation and Digital Content Service transmission;

(ii) unless unavailable, 24 (hour) by 7 (day) "real time" access via AMC's network assets in conformity with AMC's network use and security policies (provided in advance to LLC and consistently applied with respect to other AMC service providers) to the in-Theatre software and hardware components of the Digital Content Network, consistent with the Service Level Agreement (as set forth in the Specification Documentation), so that LLC can monitor the distribution and playback of the Advertising Services and the Parties will reasonably cooperate to ensure that corrections or changes are made as required to deliver the Advertising Services;

(iii) detailed playback information in a form, whether electronic or hard copy, and at such times as either AMC or LLC shall reasonably request;

(iv) prompt notification of reception, playback or other technical problems associated with receipt of the Advertising Services;

(v) the results of quality audits performed by AMC periodically during the Term upon LLC's request and at its direction to confirm playback compliance;

(vi) adequate opportunities to train AMC personnel, as provided in Section 3.07;

(vii) attendance data film-by-film, rating-by-rating and Theatre-by-Theatre for all Theatres, in an electronic form and in a format agreed by the Parties, at such times as are consistent with AMC's internal reporting systems but in any event at least weekly;

(viii) on a monthly, quarterly and annual basis as requested by LLC from time to time, a list of all Theatres, including (i) identification of which Theatres are Digitized Theatres, (ii) the number of total screens and digital screens at each Theatre and for all Theatres at which Advertising Services are provided, (iii) identification of any Theatres that are not equipped with at least one Lobby Screen to display the Video Display Program, (iv) attendance for screens on which Advertising Services are provided (by Theatre and in total), including

separate identification of attendance for screens on which Advertising Services under the Beverage Agreement is provided (if different); (v) upon LLC's request, identification of Theatres in which Advertising Services are not provided, and the attendance and number of screens at such theatres; (vi) estimated Theatre opening and closing dates; and (vii) such other information described in the Specification Documentation, as such may be amended from time to time by mutual agreement of the Parties;

(ix) AMC's budgeted attendance by theatre (and by month if AMC budgets on a monthly basis) for the next full fiscal year once approved by AMC's board, and; and

(x) such other information regarding the Advertising Services as LLC may reasonably request from time to time, as AMC agrees to provide in its sole discretion;

(b) LLC. LLC agrees that it shall at all times during the Term provide AMC, at LLC's own cost except as otherwise provided in this Agreement, with the following:

(i) on a weekly basis, a report of compliance by each Digitized Theatre with on-screen advertising requirements and reasons for any noncompliance, including a report of compliance relating to the Beverage Agreement (the "**Beverage Compliance Report**");

(ii) on a weekly basis, a representative Play List of national advertising, which LLC shall make available no later than two business days prior to the day on which the Play List be implemented;

(iii) on a monthly basis, a report regarding local advertising.

(c) Confidentiality. For the avoidance of doubt, information made available subject to this Section 4.10 shall be subject to the provisions of Section 14.01 (Confidential Treatment); provided however, that LLC agrees that AMC shall be permitted to provide the Beverage Compliance Report to its beverage concessionaire. AMC agrees to be included in any compliance reporting LLC provides to its advertisers and other content providers for proof of performance.

Section 4.11 Trailers.

(a) Trailers. Trailers that are exhibited in the Theatres shall not include the exhibition or display of any trademark, service mark, logo or other branding of a party other than the film studio(s), distributor(s), or production company(ies); provided, however, Trailers may include incidental images of products or services which appear in the motion picture or other programming or event (e.g., product placements).

(b) Event Trailers. Any Event Trailer shall be limited to a promotion for an applicable Digital Programming Event and shall not include the exhibition or display of any trademark, service mark, logo or other advertising or branding other than the Alternative Content JV or the distributor(s) or production company(ies) of the Digital Programming Event. Additionally, Event Trailers may include (i) incidental images of products or services which

appear in the Digital Programming Event (e.g., product placements), and (ii) Sponsor Message(s) in connection with Event Sponsorship(s). The exhibition of any Event Trailer by AMC at the direction of Alternative Content JV shall be expressly permitted by LLC hereunder notwithstanding the provisions of Section 2.04 hereof; provided however, that LLC shall have no liability of any kind under this Agreement for any content in an Event Trailer provided by Alternative Content JV or AMC.

Section 4.12 Customer Access to Pre-Feature Program. AMC shall use commercially reasonable efforts to provide audiences access to the Theatre auditorium for the Pre-Feature Program or Traditional Content Program not less than 20 minutes prior to Showtime.

Section 4.13 Excluded Theatres; IMAX Screens.

(a) **Excluded Theatres.** AMC shall have the right to designate art house and draft house theatres that for purposes of this Agreement shall be “**Excluded Theatres**”; provided, however, that the aggregate annual attendance at all such Excluded Theatres on the date of designation shall not exceed four (4) percent of the aggregate annual attendance at the Theatres. The list of Excluded Theatres identified as of the Restated Effective Date is set forth in the Specification Documentation. AMC shall provide written or electronic notice to LLC, in the form specified by LLC, each time there is a change in its list of Excluded Theatres. Excluded Theatres shall not be deemed Theatres for purposes of this Agreement. Excluded Theatres will not receive Advertising Services. Excluded Theatres will not be considered for purposes of the calculation of Theatre Access Fees. Notwithstanding the foregoing, Excluded Theatres will be subject to the exclusivity obligations of AMC, as set forth in Section 2.04 to the same extent as a Theatre hereunder. With respect to any Theatre subsequently designated as an Excluded Theatre, the parties will negotiate in good faith terms for the discontinuation of delivery of the Advertising Services to such Excluded Theatre.

(b) **IMAX Screens.** All Theatre screens dedicated to the exhibition of films using “IMAX” technology shall be deemed “**IMAX Screens**.” IMAX Screens will not receive, and AMC will have no duty to exhibit on any IMAX Screen, the Digital Carousel, the Pre-Feature Program or the Traditional Content Program; provided however, that AMC may elect to exhibit the Digital Carousel, the Pre-Feature Program or the Traditional Content Program on its IMAX Screens in its sole discretion. Notwithstanding the foregoing, all IMAX Screens will be subject to the exclusivity obligations of AMC, as set forth in Section 2.04 to the same extent as a Theatre hereunder. AMC will provide LLC prompt written or electronic notice, in the form specified by LLC, of any additions to or deletions from its list of IMAX Screens, which list as of the Restated Effective Date is provided in the Specification Documentation.

Section 4.14 Grand Openings; Popcorn Tubs; Employee Uniforms. Notwithstanding anything herein to the contrary, AMC shall not be prohibited from: (i) promoting the grand opening of a Theatre or an Excluded Theatre, provided such promotional activity (A) may occur only for the fourteen (14) day period immediately preceding the opening of the theatre to the general public through the fourteen (14) day period immediately following the opening of the theatre to the general public, and (B) includes local advertising of such opening in exchange for the advertising of local businesses only, provided any on-screen advertising related thereto shall be subject to availability of on-screen Inventory and limited to

one (1) advertisement thirty (30) seconds in length; (ii) placing advertising promoting full-length feature films on special popcorn tubs (such as plastic or oversized containers not regularly sold by AMC) sold in Theatres or Excluded Theatres, provided AMC shall (A) provide LLC one hundred twenty (120) days prior notice of AMC's desire to conduct such promotion and permit LLC sixty (60) days to sell promotional advertising for such special popcorn bags/tubs, and if LLC cannot sell advertising for such special popcorn tubs within such sixty (60) day period then AMC shall have the right to sell such advertising, (B) be limited to two (2) such promotions in any twelve (12) month period during the Term, (C) not conduct any such promotion over a period exceeding thirty (30) days, and (D) not sell such advertising below the lowest total rate card amount received by LLC for popcorn bags; and (iii) allowing advertising for the supplier of AMC employee uniforms to appear on such uniforms, provided not more than two (2) individual instances of such advertising may appear on any such uniform at any one time. AMC will provide LLC reasonable advance written notice of any promotion under this Section 4.14 (collectively, "**Special Promotions**") and LLC will have the right to approve each such Special Promotion. LLC may not unreasonably withhold, condition or delay its approval, provided that LLC shall be permitted to withhold its approval from any such Special Promotion that is inconsistent with any exclusive obligation of LLC then in force, or otherwise interferes with the current or proposed business activities of LLC as reasonably determined by LLC. Any cash consideration paid by a third party in connection with a Special Promotion relating to any Advertising Services shall be paid to LLC.

Section 4.15 Consultation regarding Certain Advertising Agreements.

(a) **Theatre Advertising.** Prior to either Party entering into an exclusive agreement for longer than one Flight with any third party for Theatre Advertising, the contracting Party will give the other Party written notice not less than twenty (20) days in advance of the contract date, and the Parties will consult in good faith to confirm that such exclusive arrangement does not conflict with any exclusive arrangements the other Party has entered into or contemplates entering into; provided however, this notice shall not apply to entry into the Beverage Agreement by AMC. Notwithstanding the foregoing, if the Parties have satisfied the foregoing provisions of this Section 4.15(a) and identified a conflict of interest regarding an agreement with exclusivity, AMC's exclusivity interests shall prevail.

(b) **Strategic Relationships.** AMC shall not enter into any Strategic Relationship that conflicts with any existing or proposed exclusive advertising or promotional arrangement between LLC and a third party for which LLC has provided prior written notice, which may be by electronic mail, to AMC's designated representative(s) of such existing or proposed exclusive arrangement, including the identity of the other party, the length of time, and type of category of such exclusive arrangement, and specifically in connection with a proposed exclusive arrangement the anticipated start date of such arrangement. AMC may enter into any Strategic Relationship that conflicts with a proposed exclusive arrangement prior to the anticipated start date of such arrangement. Further, in the event that LLC is unable to enter into a definitive agreement with respect to such proposed exclusive arrangement within sixty (60) days after such notice by LLC to AMC of such proposed exclusive arrangement, which notice may not be provided more than once in any twelve month period, then AMC shall have the right to enter into any such Strategic Relationship.

Section 4.16 3D Services.

(a) Access to Projection Systems for 3D Advertising Services. Subject to the terms and conditions of this Agreement, including, without limitation this Section 4.16, if and to the extent that AMC has the capability to exhibit full-length motion pictures using a Projection System in 3D in one or more auditoriums in any Digitized Theatre, LLC shall have the right to exhibit 3D Advertising Services using such Projection System in such auditoriums, in the following instances (i) after the Advertising Services have been converted to such Projection System in accordance with Section 3.06 or (ii) prior to the presentation of a 3D motion picture or other 3D content (“**3D Content**”); in either case, such 3D Advertising Services, (x) will be properly conditioned to meet the specifications of AMC 3D equipment providers, and (y) LLC shall pay or reimburse AMC for any and all third party licensing fees incurred by AMC related to use of the 3D equipment in conjunction with 3D Advertising Services. Notwithstanding the foregoing, to the extent such Projection System has not become Digital Cinema Equipment in accordance with Section 3.06, LLC shall be responsible for providing such 3D Advertising Services in a form and format to be reasonably requested by AMC. In the event that LLC requests AMC to ingest and play 3D Advertising on AMC’s player, if there are incremental costs that are going to be incurred beyond AMC’s normal operating procedures then AMC and LLC must meet and agree on the appropriate reimbursement to be paid by LLC to AMC to offset such AMC incremental costs necessary to accommodate LLC’s request.

(b) 3D Glasses. LLC agrees that AMC will bear no expense with respect to 3D Glasses provided to theatre patrons to view 3D Advertising Services. In the case of 3D Advertising Services distributed prior to the presentation of 3D Content, LLC shall obtain any and all necessary consents to allow theatre patrons to use the 3D Glasses delivered to AMC by the provider of such 3D Content; provided that LLC shall be liable for, and, if necessary, reimburse AMC for, any and all costs imposed by such provider on either LLC or AMC for the use of 3D Glasses to view the 3D Advertising Services; provided, further, that if AMC agrees with such provider to purchase 3D Glasses in order to provide them to theatre patrons to view such 3D Content, then the Parties will negotiate in good faith a reasonable allocation of such costs between AMC and LLC, which costs shall include additional payroll or general and administrative costs incurred by AMC for inventory and storing such 3D Glasses for LLC. LLC will not interfere with the rights of Real D to advertise its business, products or services on storage bins for 3D Glasses, as set in the current agreement(s) between AMC and Real D, or between Real D and any distributor.

(c) Applicability of ESA Provisions. All provisions of this Agreement, including the revenue provisions of Article 2 and the content standards set forth in Section 4.03, will apply to any advertising on 3D Glasses, packaging for 3D Glasses and 3D Glasses recycling bins used by LLC in connection with the distribution of 3D Advertising Services. Advertising on 3D Glasses and packaging for 3D Glasses will be permitted only as approved by AMC in its sole and absolute discretion.

Section 4.17 Digital Programming Event Simulcast.

(a) Definition. Under the Digital Programming Exhibitor Services Agreement, AMC may exhibit a Digital Programming Event that is simulcast across a broadcast

(or cable, including pay-per-view) network or the Internet (the Digital Programming Event Simulcast”). LLC acknowledges that Digital Programming Event Simulcasts may contain third-party advertising that is provided by the provider of such Digital Programming Event Simulcast as part of such simulcast. A store-forward event shall not be a Digital Programming Event Simulcast for purposes of this Agreement.

(b) Third-Party Advertising. For clarification, to the extent that the content provider allows any third-party advertising, trademarks, service marks, logos or other branding and/or third-party mentions for products and services to be included in a Digital Programming Event Simulcast, other than that provided by the content provider, as between, AMC, Alternative Content JV and LLC, LLC shall have the exclusive right to provide Event Simulcast Advertising Services. LLC acknowledges that AMC shall require that any third-party advertising to be exhibited during a Digital Programming Event Simulcast be subject to content standards substantially similar to those contained in Section 4.03 of this Agreement. If AMC grants Alternative Content JV a waiver of compliance with one or more of such standards, AMC will give LLC written notice of such waiver at such time as the waiver is granted. LLC shall be deemed to be granted a waiver from compliance with the content standards of Section 4.03 to the same extent for sole purposes of providing Event Simulcast Advertising Services for the Digital Programming Event Simulcast to which the waiver applies. If AMC or any of its Affiliates receives any compensation specifically for the broadcast of third-party advertising during a Digital Programming Event Simulcast, AMC or such Affiliate will pay LLC [***] percent ([***]%) of such compensation. For example purposes only, the receipt of revenue from ticket sales or revenue from a content provider or a Sponsor for the purpose of hosting a Digital Programming Event Simulcast (and such revenue is not in any way attributable to the Inventory) will not be considered compensation for advertising that must be paid to LLC. The exhibition by AMC at the direction of Alternative Content JV of any third-party advertising provided by the content provider of a Digital Programming Event Simulcast shall be expressly permitted by LLC hereunder notwithstanding the provisions of Section 2.04 hereof.

(c) No Liability. LLC will have no liability of any kind under this Agreement for any content included in a Digital Programming Event Simulcast, unless, and only to the extent that, LLC provides Event Simulcast Advertising Services.

Section 4.18 Event Sponsorships; Sponsor Message.

(a) Event Sponsorships. Under the Alternative Content Services Agreement, Alternative Content JV and LLC will work together in good faith to develop and sell Event Sponsorships for Digital Programming Events. No Sponsor for an Event Sponsorship may be a theatre or theatre circuit which is a competitor of AMC. Any Event Sponsorship provided by LLC shall be subject to the content standards of Section 4.03 of this Agreement. LLC acknowledges that AMC shall require any Event Sponsorship provided by Alternative Content JV to be subject to content standards substantially similar to those contained in Section 4.03 of this Agreement. If AMC grants Alternative Content JV a waiver of compliance with one or more of such standards, AMC will give LLC written notice of such waiver at such time as the waiver is granted. LLC shall be deemed to be granted a waiver from compliance with the content standards of Section 4.03 to the same extent for purposes of the sale of advertising by LLC for such Event Sponsorship to which the waiver applies. The exhibition of third-party advertising

relating to an Event Sponsorship by AMC at the direction of Alternative Content JV shall be expressly permitted by LLC hereunder notwithstanding the provisions of Section 2.04 hereof; provided however, that LLC shall have no liability of any kind under this Agreement for any content provided by Alternative Content JV.

(b) Sponsor Message. If LLC or Alternative Content JV sell an Event Sponsorship for a Digital Programming Event, no third-party advertising, trademark, service mark, logo or other advertising or branding, including any third-party mentions for products and services, may be displayed, except a Sponsor Message may be included in the Digital Programming Events Pre-Feature Program, an Event Trailer, Branded Slot, Lobby Promotion or as part of a Strategic Program, subject to the limits of Section 4.07(b). Any Sponsor Message shall be limited to (a) up to 5 seconds per Sponsor and (b) not more than 10 seconds if there is more than one Sponsor setting forth a “sponsored by” or “presented by” mention. The Sponsor Message may include Sponsor’s logo and audio announcement or mention of the Sponsor’s name, subject to the limits in the previous sentence, and may not include any references of any kind to any of the Sponsor’s products or services. Under no circumstances will any Sponsor have the right to “pass-through” any of the marketing rights in the Event Sponsorship or Strategic Program.

ARTICLE 5

SUPPORT; MAKE GOODS

Section 5.01 Software Support. LLC reserves the right to request of AMC and agrees to consult with AMC during the Term on any proposed material changes or updates to the Software. LLC shall make available to AMC pursuant to the terms of the license in Section 7.01 below all such updates or modifications to the Software. Unless otherwise agreed to in writing by LLC, AMC shall not permit any third party to perform or provide any maintenance or support services with respect to the LLC Equipment or the Software.

Section 5.02 Cooperation. AMC agrees to take all actions during the Term that are within its control and reasonably necessary to permit the delivery, exhibition and viewing of the Advertising Services in the Theatres on the terms and conditions set forth herein.

Section 5.03 Make Goods. In the event that any Inventory scheduled for exhibition pursuant to Sections 4.06(a), 4.06(b) or 4.07 is not exhibited as scheduled, LLC shall take such action or provide such remedy as is required pursuant to the applicable AMC advertising agreement, including the exhibition of “make good” Inventory sufficient to achieve the level of Inventory content impressions necessary to satisfy any contractual obligations governing the exhibition of such Inventory. AMC acknowledges and agrees that such contractual obligations must have been timely disclosed to LLC in writing as a condition to the exercise of the foregoing exclusive right and remedy; such obligations as of the Original Effective Date have been provided by AMC to LLC in a separate letter. To the extent such third-party agreement prescribed a “make good” remedy, AMC agrees to make its Theatres (including screens and Lobby Screens, as applicable) available for the exhibition of such “make goods,” and LLC agrees to exhibit such “make goods” consistent with any contractual obligations of AMC concerning the exhibition of such “make goods.” LLC reserves the right to use excess or unsold

Inventory as “make goods,” remnant advertising, other revenue generating advertising, public service announcements, and the like. Notwithstanding the foregoing, LLC shall only be required to make any payment of moneys (including a refund of amounts paid by the applicable advertiser) in the event that the reason that the applicable Inventory was not exhibited or was exhibited in an incorrect position was primarily a result of actions or inactions by LLC (or its designees or assigns) and the applicable advertising agreement does not allow, or LLC otherwise does not provide, a remedy of exhibition of “make good” Inventory.

ARTICLE 6

INTENTIONALLY DELETED

ARTICLE 7

INTELLECTUAL PROPERTY

Section 7.01 Software License. Subject to the terms and conditions of this Agreement and the License Agreement, LLC hereby grants to AMC, and AMC hereby accepts, a non-exclusive, non-transferable, non-sublicenseable, limited license to install and execute the object code version of the Software solely for the limited purpose to receive, store, display and exhibit the Digital Content Service, the Traditional Content Program and the Digital Carousel, as applicable, on the LLC Equipment and the AMC Equipment solely in connection with its performance of and subject to all of the terms and conditions of this Agreement and only to the extent such Software is utilized by AMC.

Section 7.02 License of the LLC Marks.

(a) **Grant.** Subject to the terms and conditions of this Agreement and any guidelines or requirements provided in writing from time-to-time by LLC to AMC, LLC hereby grants at no additional cost to AMC, and AMC hereby accepts, a non-exclusive, non-transferable (except in connection with an assignment of this Agreement in accordance with Section 15.08 hereof), nonsublicenseable, limited license (i) to use the LLC Marks solely in connection with its participation in the Advertising Services, as approved by LLC in writing in advance (which shall not be unreasonably or untimely withheld), and (ii) to use the LLC Marks in marketing or advertising materials (“**Marketing Materials**”) that have been approved (which shall not be unreasonably or untimely withheld) by LLC pursuant to the terms hereof, provided and to the extent LLC shall have authorized AMC to promote the Advertising Services. AMC acknowledges that LLC is and shall remain the sole owner of the LLC Marks, including the goodwill of the business symbolized thereby. AMC recognizes the value of the goodwill associated with the LLC Marks and acknowledges and agrees that any goodwill arising out of the use of the LLC Marks or any of them by AMC shall inure to the sole benefit of LLC for all purposes hereof.

(b) **Approval of Use.** Prior to using any Marketing Material or depicting or presenting any LLC Mark in or on any marketing or advertising material or otherwise, AMC shall submit a sample of such Marketing Material or other material to LLC for approval. LLC shall exercise commercially reasonable efforts to approve (which shall not be unreasonably

withheld) or reject any such Marketing Material or other material submitted to it for review within five (5) business days from the date of receipt by LLC. AMC shall not use, publish, or distribute any Marketing Material or other material unless and until LLC has so approved it in writing. Upon receipt of such approval from LLC for a particular Marketing Material or other material, AMC shall not be obligated to submit to LLC substantially similar material for approval; provided, however, AMC shall timely furnish samples of all such material to LLC.

(c) Quality Standards. Any and all use or exercise of rights by AMC with respect to the LLC Marks or any other trademark, tradename, service mark or service name provided by LLC to AMC for use in connection with the Advertising Services shall be in accordance with standards of quality and specifications prescribed by LLC from time to time (the “**LLC Quality Standards**”) and which have been delivered to AMC. LLC shall have the right to change the LLC Quality Standards from time to time upon written notice to AMC, provided such modified LLC Quality Standards are equally and timely applied to any and all other exhibitors of the Advertising Services.

(d) Designation. AMC shall cause the appropriate designation “(TM)” or “(SM)” or the registration symbol “(R)” to be placed adjacent to the LLC Marks in connection with the use thereof and to indicate such additional or alternative information as LLC shall specify from time to time concerning the use by AMC of the LLC Marks as such is, equally and timely communicated and applied to any and all other exhibitors of the Advertising Services.

(e) Right to Suspend Use. AMC shall not use any LLC Mark in any manner that may reflect adversely on the image or quality symbolized by the LLC Mark, or that may be detrimental to the image or reputation of LLC. Notwithstanding anything herein to the contrary, LLC shall have the right, at its sole option, to terminate or suspend the trademark license grant provided herein if it determines that AMC’s use of the LLC Marks or any of them is in violation of its trademark usage guidelines or is otherwise disparaging to its image or reputation, and such use is not conformed to such guidelines and other reasonable requests of LLC within ten (10) days of receipt of written notice thereof.

(f) Use Limitations. AMC agrees not to use (i) any trademark or service mark which is confusingly similar to, or a colorable imitation of, any LLC Mark or any part thereof, (ii) any trademark or service mark in combination with any LLC Mark, except in the case of the Brand as created by LLC under the terms of Section 4.05(a) or (iii) any LLC Mark in connection with or for the benefit of any product or service of any other Person or entity, except in the case of the Brand as created by LLC under the terms of Section 4.05(a). AMC shall not engage in any conduct which may place LLC or any LLC Mark in a negative light or context, and shall not represent that it owns or has any interest in any LLC Mark other than as expressly granted herein, nor shall it contest or assist others in contesting the title or any rights of LLC (or any other owner) in and to any LLC Mark.

(g) Treatment. With respect to all of LLC’s approvals, rights and otherwise under this Section 7.02, LLC shall treat AMC at least as favorably with respect to each instance as it has for any other exhibitor of the Advertising Services.

Section 7.03 License of the AMC Marks.

(a) **Grant.** Subject to the terms and conditions of this Agreement, and any guidelines or requirements provided in writing from time-to-time by AMC to LLC, AMC hereby grants at no cost to LLC, and LLC hereby accepts, a non-exclusive, non-transferable (except in connection with an assignment of this Agreement in accordance with Section 15.08 hereof), nonsublicenseable, limited license (i) to use the AMC Marks solely in connection with its delivery of the Advertising Services, as approved (which shall not be unreasonably or untimely withheld) by AMC in writing in advance, and (ii) to use the AMC Marks in Marketing Materials that have been approved (which shall not be unreasonably or untimely withheld) by AMC pursuant to the terms hereof. LLC acknowledges that AMC is and shall remain the sole owner of the AMC Marks, including the goodwill of the business symbolized thereby. LLC recognizes the value of the goodwill associated with the AMC Marks and acknowledges and agrees that any goodwill arising out of the use of the AMC Marks by LLC shall inure to the sole benefit of AMC for all purposes hereof.

(b) **Approval of Use.** Prior to using any Marketing Material or depicting or presenting any AMC Mark in or on any marketing or advertising material or otherwise, LLC shall submit a sample of such Marketing Material or other material to AMC for approval. AMC shall exercise commercially reasonable efforts to approve (which shall not be unreasonably withheld) or reject any such Marketing Material or other material submitted to it for review within five (5) business days from the date of receipt by AMC LLC shall not use, publish, or distribute any Marketing Material or other material unless and until AMC has so approved it in writing. Upon receipt of such approval from AMC for a particular Marketing Material or other material, LLC shall not be obligated to submit to AMC substantially similar material for approval; provided, however, LLC shall timely furnish samples of all such material to AMC.

(c) **Quality Standards.** Any and all use or exercise of rights by LLC with respect to the AMC Marks or any other trademark, tradename, service mark or service name provided by AMC to LLC for use in connection with the Advertising Services shall be in accordance with standards of quality and specifications prescribed by AMC from time to time (the “**AMC Quality Standards**”) and provided to LLC. AMC shall have the right to change the AMC Quality Standards from time to time upon written notice to LLC.

(d) **Designation.** LLC shall cause the appropriate designation “(TM)” or “(SM)” or the registration symbol “(R)” to be placed adjacent to the AMC Marks in connection with the use thereof and to indicate such additional or alternative information as AMC shall specify from time to time concerning the use by LLC of the AMC Marks as such is equally and timely communicated and applied to any and all other licensees of the AMC Marks.

(e) **Right to Suspend Use.** LLC shall not use any AMC Mark in any manner that may reflect adversely on the image or quality symbolized by the AMC Mark, or that may be detrimental to the image or reputation of AMC. Notwithstanding anything herein to the contrary, AMC shall have the right, at its sole option, to terminate or suspend the trademark license grant provided herein if it determines that LLC’s use of the AMC Marks or any of them is in violation of its trademark usage guidelines or is otherwise disparaging to its image or reputation, and such use is not conformed to such guidelines and other reasonable requests of AMC within ten (10) days of receipt of written notice thereof.

(f) Use Limitations. LLC agrees not to use (i) any trademark or service mark which is confusingly similar to, or a colorable imitation of, any AMC Mark or any part thereof, (ii) any trademark or service mark in combination with any AMC Mark, except for the LLC Marks as permitted under this Agreement or (iii) any AMC Mark in connection with or for the, benefit of any product or service of any other Person or entity, except for the LLC Marks as permitted under this Agreement. LLC shall not engage in any conduct which may place AMC or any AMC Mark in a negative light or context, and shall not represent that it owns or has any interest in any AMC Mark other than as expressly granted herein, nor shall it contest or assist others in contesting the title or any rights of AMC (or any other owner) in and to any AMC Mark.

Section 7.04 Status of the LLC Marks and AMC Marks. Without expanding the rights and licenses granted under this Agreement, the Parties acknowledge and agree that (a) the rights and licenses granted under this Agreement to use the LLC Marks and AMC Marks permit the use of the AMC Marks in combination or connection with the LLC Marks, (b) the use of the AMC Marks in combination or connection with the LLC Marks, whether in the Brand, Policy Trailer, Branded Slots, Marketing Materials or otherwise in connection with the participation in or delivery of the Advertising Services, will not be deemed to create a composite or combination mark consisting of the AMC Marks and the LLC Marks, but instead will be deemed to create and will be treated by the Parties as creating a simultaneous use of the LLC Marks and AMC Marks as multiple separate and distinct trademarks or service marks, (c) neither Party will claim or assert any rights in a composite mark consisting of elements of the LLC Marks and AMC Marks, and (d) all use of the AMC Marks and the LLC Marks under this Agreement will be subject to the provisions regarding the use and ownership of the AMC Marks and LLC Marks contained in this Agreement.

ARTICLE 8

FEES

Section 8.01 Payment. Except as otherwise provided in this Agreement (e.g., payment of the Theatre Access Fees pursuant to Section 2.05(b)), all amounts due by one Party to the other under this Agreement shall be paid in full within thirty (30) days after the receipt by the paying Party of an invoice therefor. Each Party agrees that invoices for amounts payable by the other Party will not be issued until the event triggering such payment obligation has occurred, or the condition triggering such payment obligation has been satisfied, as applicable.

Section 8.02 Administrative Fee. AMC may request the right to use the Digital Content Network for the delivery of any Digital Programming Events, Digital Programming Event Pre-Feature Program, Event Trailers, Trailers, PSA Trailers, meeting events or other entertainment content programming and, if such use is acceptable to LLC, AMC shall pay an Administrative Fee for such use as set forth in Exhibit B.

Section 8.03 Audit. Each Party shall keep and maintain accurate books and records of all matters relating to the performance of its obligations hereunder, including without limitation the sale of advertising, in accordance with generally accepted accounting principles. During the Term and for a period of one (1) year thereafter, each Party, at its sole expense, shall, upon

reasonable advance written notice from the other Party, make such books and records (redacted, as applicable, to provide information relative to the Advertising Services and this Agreement) available at its offices for inspection and audit by the other Party, its employees and agents. Any audit with respect to amounts payable by either Party to the other Party under this Agreement shall be limited to an audit with respect to amounts to be paid in the current calendar year and immediately preceding calendar year only. Any period that has been audited pursuant to this section shall not be subject to any further audit. In the event an audit of the books and records of a Party reveals an underpayment to the other Party, the audited Party shall pay to the other Party the amount of such underpayment within 30 days of the completion of the audit. If such audit determines that the underage in payments paid to a Party were in the aggregate in excess of five percent (5%) of the payments owed, the Party owing the payment shall, in addition to making the payment set forth above, reimburse the Party receiving the payment for all reasonable costs, expenses and fees incurred in connection with such audit. Any disputes between the Parties relating to the calculation of amounts owed shall be referred to a mutually satisfactory independent public accounting firm that has not been employed by either Party for the two (2) year period immediately preceding the date of such referral. The determination of such firm shall be conclusive and binding on each Party, and judgment upon any such determination can be entered in any court having jurisdiction over the matter. Each Party shall bear one-half of the fees of such firm. If the Parties cannot select such accounting firm, then the selection of such accounting firm shall be made by the American Arbitration Association located in New York, New York. In addition to the foregoing audit rights of the Parties, during the Term, LLC and its authorized agents shall have the right, upon reasonable advance notice, to inspect any AMC premises or facilities involved in the performance of this Agreement to confirm the performance and satisfaction of AMC's obligations hereunder.

ARTICLE 9

TERM AND TERMINATION

Section 9.01 Term. Unless earlier terminated as provided below, the term of this Agreement shall begin on the Original Effective Date and shall continue through February 13, 2037 (the "**Initial Term**"), after which AMC shall have the right to renew this Agreement on the terms as set forth in this Agreement for continuous, successive five-year periods (each, a "**Renewal Term**," and together with the Initial Term, the "**Term**"). AMC shall give LLC written notice of any intent to exercise its right to renew at least thirty (30) days prior to the expiration of the Initial Term and any Renewal Term. The Parties shall, for a period of six (6) months commencing eighteen (18) months before the conclusion of the Initial Term and any Renewal Term, negotiate in good faith terms, if any, on which they may agree to extend the Initial Term or any Renewal Term, and, if such agreement is reached, this Agreement shall be amended to incorporate such terms. Unless this Agreement is extended by AMC, this Agreement may only be extended by subsequent written agreement of the Parties. Prior to and during such six (6) month period, AMC shall not enter into or conduct any negotiations with any third party with respect to any service that may be competitive with the Advertising Services or any feature thereof.

Section 9.02 Termination; Defaults. Either Party may terminate this Agreement, immediately, by giving written notice of termination to the other, and without prejudice to any other rights or remedies the terminating Party may have, if:

(a) **Breach of Material Provision.** The other Party materially breaches this Agreement, other than any provision of Section 15.08, and fails to cure such breach within ninety (90) days after receipt from the terminating Party of written notice of the breach specifying in detail the nature of the breach, provided, that if such material breach cannot be cured within ninety (90) days from the notice, then the ninety-day period shall be extended as long as is reasonably necessary to cure such breach if the Party receiving notice diligently attempts to cure such breach; and provided, further, that if any such breach by AMC is confined to a Theatre or limited number of Theatres, LLC shall have the right in its sole discretion to terminate this Agreement only as to such Theatre or Theatres.

(b) **Breach of Anti-Assignment Provision.** The other Party materially breaches any provision of Section 15.08, and fails to cure such breach within thirty (30) business days after receipt from the terminating Party of written notice of the breach; provided, that if such breach cannot be cured within thirty (30) business days from the notice, then the period of thirty business days shall be extended as long as is reasonably necessary to cure such breach if the Party receiving notice diligently attempts to cure such breach; and provided, further, that if any such breach by AMC is confined to a Theatre or limited number of Theatres, LLC shall have the right in its sole discretion to terminate this Agreement only as to such Theatre or Theatres.

(c) **Injunction, Order or Decree.** Any governmental, regulatory or judicial entity of competent jurisdiction shall have issued a permanent injunction or other final order or decree which is not subject to appeal or in respect of which all time periods for appeal have expired, enjoining or otherwise preventing LLC or, AMC from performing, in any material respect, this Agreement.

(d) **Bankruptcy.** The dissolution, bankruptcy, insolvency or appointment of a receiver or trustee of the other Party that is not dismissed within sixty (60) days, or the other Party convenes a meeting of creditors, has a receiver appointed, ceases for any reason to carry on business or is unable to pay its debts generally.

Section 9.03 Right of First Refusal.

(a) **ROFR Period.** For a period (the “**ROFR Period**”) beginning 12 months prior to the end of the scheduled expiration of this Agreement pursuant to Section 9.01 and ending 48 months after expiration of this Agreement, AMC shall not enter into any agreement or arrangement with a third party (whether in writing or otherwise) (an “**Alternative Agreement**”) to receive services that were being provided by LLC to AMC at any time during the one-year period ending on expiration of this Agreement (“**Designated Services**”) without complying with this Section 9.03.

(b) **ROFR Notice.** Before entering into or committing to enter into an Alternative Agreement, AMC shall present to LLC notice (the “**ROFR Notice**”) containing a summary of all material terms and conditions of the proposed Alternative Agreement. The

ROFR Notice shall state that AMC intends to enter into the Alternative Agreement and shall certify that there are no other direct or indirect arrangements or understandings with respect to the provision of the Designated Services that have not been disclosed to LLC.

(c) Information Request. AMC shall provide LLC such additional and supplemental information as LLC shall reasonably request within 10 days of receiving such request and AMC shall cooperate fully with LLC in its evaluation of the Alternative Agreement.

(d) ROFR Response. LLC shall have the right during a period ending 90 days after submission of the Alternative Agreement (or in the event additional information is requested by LLC, within 90 days after the final submission to LLC of such additional information) (the “**ROFR Response Period**”) to give AMC written notice (the “**ROFR Response**”) that it either (i) will enter into an agreement with AMC providing AMC with the Designated Services on terms and conditions no less favorable to AMC than those contained in the Alternative Agreement or (ii) does not seek to provide the Designated Services.

(e) Negotiation regarding Portion of Designated Services. If any of the Designated Services to be provided by the Alternative Agreement cannot reasonably be provided by LLC, then LLC and AMC shall negotiate in good faith during the ROFR Response Period as to LLC’s ability to provide certain portions of the Designated Services; provided that should (x) AMC and LLC fail to reach agreement on LLC’s provision of the Designated Services in part and (y) LLC fails to agree to provide all of the Designated Services by the end of the ROFR Response Period, then AMC shall be permitted to enter into the Alternative Agreement on terms no less favorable to AMC than those set forth in the ROFR Notice as provided in Section 9.03(b) above. If AMC fails to enter into such Alternative Agreement within 45 days after the end of the ROFR Response Period, then the procedures set forth in this Section 9.03 shall once again become applicable.

(f) Alternative Proposals. During the period commencing on the date that AMC provides LLC the ROFR Notice and continuing until the earlier of (i) the end of the ROFR Response Period and (ii) the date LLC notifies AMC that it does not seek to provide the Designated Services, AMC shall not solicit alternative proposals from any other party for the Designated Services.

(g) Agreement. If either (i) LLC delivers a ROFR Response indicating that LLC wants to provide AMC with the Designated Services on the terms and conditions set forth in the ROFR Notice or (ii) the Parties agree that LLC will provide only certain of the Designated Services, the Parties will, within 45 days of such verbal agreement, enter into a written agreement to provide the agreed-on Designated Services on such terms and conditions. If AMC and LLC fail to enter into such agreement within 45 days after the end of the ROFR Response Period, then AMC shall have 45 days thereafter to enter into the Alternative Agreement on the terms and conditions no less favorable to AMC than those set forth in the ROFR Notice. If AMC fails to enter into such Alternative Agreement within such 45 day period, then the provisions of this Section 9.03 shall once again become applicable.

(h) Entry into Alternative Agreement. If either (i) LLC delivers a ROFR Response indicating that LLC does not want to provide AMC with the Designated Services on

the terms and conditions set forth in the ROFR Notice or (ii) the Parties agree that LLC will provide only certain of the Designated Services, AMC shall be permitted, with respect to those Designated Services not provided by LLC, to enter into the Alternative Agreement on the terms and conditions no less favorable to AMC than those set forth in the ROFR Notice. If AMC fails to enter into such Alternative Agreement within 45 days after the end of the ROFR Response Period, then the provisions of this Section 9.03 shall once again become applicable.

Section 9.04 Survival. Articles 1, 10, 11, 13, 14 and 15 and Sections 9.04, 9.05 and 9.06 shall survive any expiration or termination of this Agreement, and Section 9.03 shall survive any expiration of this Agreement.

Section 9.05 Effect of Termination. Upon termination or expiration of this Agreement, each Party may exercise all remedies available to it as a matter of law and upon prior notice to AMC, LLC shall be entitled to enter the Theatres, and any other premises of AMC where any LLC Property may be located (or in the event of partial termination of this Agreement pursuant to Section 9.02(a) or (b) the affected Theatre(s) or premises), at a time mutually agreed to by the Parties in order to recover any and all LLC Property. In the event LLC fails to recover any LLC Property within the timeframe the Parties agree upon for such recovery, AMC shall have the right to remove and dispose of such LLC Property in its sole discretion, provided that any Software included in the LLC Property shall be recovered and returned to LLC at LLC's expense. LLC shall be obligated to restore all premises from which LLC Property is removed pursuant to this section to their previous condition, excluding reasonable wear and tear and any other improvements or material alterations to such premises as may have been approved by the Parties in connection with installation of LLC Equipment or operation of the Advertising Services and shall repair any damage to the premises as a result of such removal. In addition, any and all licenses granted by either Party to the other under this Agreement shall immediately terminate, AMC shall cease using LLC Marks, LLC shall cease using AMC Marks and LLC shall be entitled to immediately discontinue the Advertising Services. Promptly upon termination or expiration of this Agreement, and except as expressly provided in Article 8 of the License Agreement, each Party shall return to the other Party all Confidential Information of the other Party, or, at the other Party's option, destroy such Confidential Information and promptly provide to the other Party a certificate signed by an officer of the Party attesting to such destruction. Notwithstanding termination of this Agreement, each Party shall pay to the other, within thirty (30) days after the effective date of such termination, any and all fees (including costs and expenses) and other amounts owed hereunder as of such termination.

ARTICLE 10

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 10.01 Representations and Warranties. Each Party represents and warrants that:

(a) **Formation.** It (i) is duly formed and organized, validly existing, and in good standing under the laws of the jurisdiction of its formation and incorporation and has the power and authority to carry on its business as carried on, and (ii) has the right to enter into this Agreement and to perform its obligations under this Agreement and has the power and authority to execute and deliver this Agreement.

(b) Governmental Authorization. Any registration, declaration, or filing with, or consent, approval, license, permit or other authorization or order by, any governmental or regulatory authority, domestic or foreign, that is required to be obtained by it in connection with the valid execution, delivery, acceptance and performance by it under this Agreement or the consummation by it of any transaction contemplated hereby has been completed, made, or obtained, as the case may be.

(c) Consents. It is the exclusive owner of, or otherwise has or will have timely obtained all rights, licenses, clearances and consents necessary to make the grants of rights made or otherwise perform its obligations under this Agreement as required under this Agreement.

(d) No Conflicts. The execution and delivery of this Agreement do not, and the performance of its obligations under this Agreement and the consummation of the transactions contemplated hereby will not (with or without notice or lapse of time or both) (i) conflict with or result in a violation or breach of its charter or other organizational documents; (ii) conflict with or result in a violation or breach of any law or order applicable to it, or (iii) (A) conflict with or result in a violation or breach of, (B) constitute a default under, or (C) result in the creation or imposition of any lien upon it or any of its assets and properties under, any material contract or material license to which it or any of its Affiliates is a party or by which any of its or their respective assets and properties are bound.

Section 10.02 Additional Covenants.

(a) No Challenge. Each Party covenants that it will not at any time, except to the extent necessary to, assert or defend its rights under this Agreement: (i) challenge or otherwise do anything inconsistent with the other Party's right, title or interest in its property, (ii) do or cause to be done or omit to do anything, the doing, causing or omitting of which would contest or in any way impair or tend to impair the rights of the other Party in its property or the rights of third party licensors or providers in their property, or (iii) assist or cause any Person or entity to do any of the foregoing.

(b) No Infringement by AMC. AMC covenants that, except as AMC discloses in writing concurrently with the execution hereof and excluding any intellectual property or other rights licensed pursuant to the License Agreement, none of the information, content, materials, or services it supplies or has supplied on its behalf under this Agreement to its knowledge infringes or misappropriates, or will infringe or misappropriate, any U.S. patent, trademark, copyright or other intellectual property or proprietary right of any third party to the extent used in accordance with the terms and conditions of this Agreement.

(c) No Infringement by LLC. LLC covenants that, except as specified in Section 10.02(b) and excluding any intellectual property or other rights licensed pursuant to the License Agreement, (i) to its knowledge, the Advertising Services will not violate, infringe or dilute any trademark, tradename, service mark or service name or any other intellectual property

of any third party or the right of privacy or publicity of any person and (ii) LLC shall procure any and all consents, licenses or permits necessary relating to the Advertising Services provided to AMC and shall pay all license fees and royalties to the appropriate parties that become due and owing as a result of the performance of the Advertising Services or any other services as may be provided by LLC to AMC from time to time, other than film rent to the film distributors.

Section 10.03 Disclaimer. EXCEPT AS EXPRESSLY AND EXPLICITLY SET FORTH IN THIS AGREEMENT, ANY AND ALL INFORMATION, PRODUCTS, AND SERVICES, INCLUDING, WITHOUT LIMITATION, THE AMC PROPERTY AND LLC PROPERTY, ARE PROVIDED “AS IS” AND “WITH ALL FAULTS,” AND NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, AND EACH PARTY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, WRITTEN OR ORAL, ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, TITLE AND FITNESS FOR A PARTICULAR PURPOSE. NEITHER PARTY MAKES ANY REPRESENTATION THAT THE DIGITAL CONTENT SERVICE OR ITS DISPLAY, OR RECEIPT OF ANY OTHER SERVICES, WILL BE UNINTERRUPTED OR ERROR-FREE.

ARTICLE 11

INDEMNIFICATION

Section 11.01 Indemnification.

(a) Indemnification by AMC. AMC shall defend, indemnify, and hold harmless LLC and its officers, directors, members, owners, contractors, employees, representatives, agents, successors, and assigns (collectively, “**Representatives**”) from and against any and all losses, obligations, risks, costs, claims, liabilities, settlements, damages, liens, judgments, awards, fines, penalties, expenses and other obligations whatsoever (including, without limitation, reasonable attorneys’ fees and disbursements, except as limited by Section 11.02, and any consultants or experts and expenses of investigation) (collectively, “**Costs**”) suffered or incurred by LLC or its Representatives in connection with, as a result of, based upon, or relating to, (i) any breach by AMC of this Agreement, (ii) any use by AMC of any LLC Property (other than LLC Property licensed by LLC to AMC under the License Agreement) other than as authorized by this Agreement, (iii) any third-party claims directly resulting from acts or omissions of AMC or its designee(s), (iv) any breach of a Legacy Agreement prior to the date on which such Legacy Agreement is assigned to LLC, (v) AMC’s fraud, willful misconduct, or noncompliance with law, (vi) any infringement, violation, misappropriation, or misuse of any third-party intellectual property rights by the AMC Property (excluding the intellectual property or other rights licensed by AMC pursuant to the License Agreement); or (vii) any items disclosed by AMC pursuant to Section 10.02(b).

(b) Indemnification by LLC. LLC shall defend, indemnify, and hold harmless AMC and its Representatives from and against any and all Costs suffered or incurred by AMC or its Representatives in connection with, as a result of, based upon, or relating to, (i) any breach by

LLC of this Agreement, (ii) any use by LLC of any information, content or other materials supplied by or on behalf of AMC hereunder (including the Brand), but not under the License Agreement, other than as authorized by this Agreement, (iii) any breach of a Legacy Agreement on or after the date on which such Legacy Agreement is assigned to LLC, (iv) any damage caused by LLC, its vendors or subcontractors in installation, inspection or maintenance of any Equipment, (v) any third-party claims directly resulting from acts or omissions of LLC or its designee(s), including subcontractors, (vi) any infringement, violation, misappropriation, or misuse of any third-party intellectual property rights by the LLC Property (excluding the intellectual property or other rights licensed by LLC pursuant to the License Agreement); or (vii) LLC's fraud, willful misconduct, or noncompliance with law.

(c) Mutual Indemnification. Each Party (the "**Indemnifying Party**") shall defend, indemnify, and hold harmless the other Party and the other Party's Representatives from and against any and all Costs suffered or incurred by the other Party or the other Party's Representatives in connection with or as a result of, and from and against any and all third party claims, suits, actions, or proceedings actually or allegedly arising out of, based upon, or relating to any infringement or dilution of any third party trademark, tradename, service mark or service name by any trademark, tradename, service mark or service name provided by the Indemnifying Party. In the event of any infringement or dilution giving rise to a claim for indemnification under Sections 10.02(b), 10.02(c) or 11.01(a)(iii), or if infringement or dilution potentially giving rise to a claim under this Section is, in the Indemnifying Party's opinion, likely to occur the Indemnifying Party may, either: (i) procure for the other Party the right to continue using the trademark, tradename, service mark or service name in question, (ii) replace or modify the trademark, tradename, service mark or service name in question with a non-infringing or non-dilution alternative; or (iii) order the other Party to cease use of, and terminate the grant of rights under this Agreement with respect to, the trademark, tradename, service mark or service name in question. The Indemnifying Party will have no obligation under this Section for any infringement or dilution caused by, and the other Party will indemnify the Indemnifying Party in the event of, use by the other Party of the trademark, tradename, service mark or service name in question: (A) after the Indemnifying Party has notified the other Party to cease use of that trademark, tradename, service mark or service name; (B) in combination with any other trademark, tradename, service mark or service name not supplied by the Indemnifying Party; or (C) in breach of this Agreement. This Section 11.01(c) states each Party's entire liability and sole and exclusive remedy for infringement or dilution claims or actions relating to third party trademarks, tradenames, service marks or service names in connection with this Agreement.

Section 11.02 Defense of Action. An indemnitor under this Article shall have the right to control the defense and settlement of any and all claims, suits, proceedings, and actions for which such indemnitor is obligated to indemnify, hold harmless, and defend hereunder, but the indemnitee shall have the right to participate in such claims, suits, proceedings, and actions at its own cost and expense. An indemnitor shall have no liability under this Article 11 unless the indemnitee gives notice of such claim to the indemnitor promptly after the indemnitee learns of such claim so as to not prejudice the indemnitor. Under no circumstance shall either Party hereto settle or compromise or consent to the entry of any judgment with respect to any claim, suit, proceeding, or action that is the subject of indemnification hereunder without the prior written consent of the other Party, except for settlement involving only monetary payment by the indemnitor or no commitment or admission by the indemnitee, which consent shall not be withheld or delayed unreasonably.

ARTICLE 12

ADDITIONAL RIGHTS AND OBLIGATIONS

Section 12.01 Assistance. Each Party, upon the request of the other, shall perform any and all further reasonable acts and reasonably execute, acknowledge, and deliver any and all documents which the other Party determines in its sole reasonable judgment may be necessary, appropriate, or desirable to carry out the intent and purposes of this Agreement, including without limitation to document, perfect, or enforce the other Party's right, title, or interest in and to any of such Party's property, as well as any assistance requested in connection with the proceedings, suits, and hearings described in Section 12.02.

Section 12.02 Infringement. The Parties shall notify one another promptly, in writing, of any alleged, actual or threatened infringement, violation, misappropriation or misuse of or interference with ("**Infringement**") any intellectual property which such Party knows of or has reason to suspect.

Section 12.03 Theatre Passes. Upon the request of LLC's CEO, AMC will issue a number of annual passes, as reasonably requested by LLC and agreed by the parties and as reasonably consistent with prior practice, to the Theatres for use by LLC advertising clients, subject to AMC's ability to issue such passes pursuant to AMC's agreements with film distributors. LLC may purchase passes in excess of such number each year at a reasonably negotiated price. All other tickets used by LLC for promotional and sales purposes will be acquired by LLC at AMC's then current group ticket discount rate.

Section 12.04 Compliance with Law. AMC and LLC shall each at all times operate and conduct its business, including, without limitation, exercising its rights under this Agreement, in compliance with all applicable international, national, state, and local laws, rules, and requirements, and the compliance by either Party with such laws, rules and requirements shall under no circumstances be deemed a breach of this Agreement.

Section 12.05 Insurance. AMC shall maintain with financially sound and reputable insurance companies insurance on the Theatres and Equipment in such amounts and against such perils as AMC deems adequate for its business. LLC shall maintain with financially sound and reputable insurance companies insurance for its business and Equipment in such amounts and against such perils as LLC deems adequate for its business. Each Party will name the other Party (including its agents, officers, directors, employees and affiliates) as an additional insured on such policies of insurance. Furthermore, to the extent reasonably practicable, LLC shall use commercially reasonable efforts to have AMC listed as an additional insured on any insurance policy carried by the advertiser, agent or event promoter in connection with Advertising Services provided under this Agreement.

Section 12.06 Most Favored Nations. LLC shall promptly provide to AMC a copy of each agreement, amendment or extension as may be entered into by LLC on or after the Original

Effective Date with each Founding Member which amends any term of the Exhibitor Services Agreement entered into with any of the Founding Members, as such may be amended from time to time. The Parties recognize and acknowledge that the provision of the Advertising Services is dependent on the cooperation and operational support of LLC and the Founding Members and, from time to time, LLC may elect to waive compliance with a term of this Agreement or a term of an Exhibitor Services Agreement entered into with another Founding Member, so long as LLC acts reasonably and fairly in granting waivers requested by each of Regal, AMC and Cinemark, as applicable. If LLC acts reasonably and fairly in granting such waivers to each of Regal, AMC and Cinemark and any such waivers do not materially alter the applicable Exhibitor Services Agreement, then such waiver will not be considered an amendment of the relevant exhibitor's Exhibitor Services Agreement for purposes of this Agreement and shall not be covered by the terms of this Section 12.06. Such copies shall be redlined to reflect all differences between such agreements or amendments and this Agreement or corresponding amendment. At the election of AMC, by written notice to LLC within twenty (20) days following its receipt of such agreements or amendments, to amend this Agreement so that it conforms, in part or whole, to any one of such agreements or amendments, this Agreement shall be deemed so amended by LLC and AMC as soon as reasonably practicable after receipt of such notice.

Section 12.07 Non-Competition and Non-Solicitation.

(a) Non-Competition. In consideration of AMC's participation in LLC and in consideration of the mutual covenants and agreements contained in this Agreement, AMC and its Affiliates agree, except as otherwise provided in this Agreement, not to engage or participate in any business, hold equity interests, directly or indirectly, in another entity, whether currently existing or hereafter created, or participate in any other joint venture that competes or would compete with any business that LLC is authorized to conduct in the Territory pursuant to this Agreement, whether or not LLC is actually conducting such business in a particular portion of the Territory. The foregoing restrictions shall not apply (i) in the event AMC or its Affiliate acquires a competing business in the Territory as an incidental part of an acquisition of any other business that is not prohibited by the foregoing, if AMC disposes of the portion of such business that is a competing business as soon as practicable, (ii) to any direct or indirect ownership or other equity investments by AMC or its Affiliates in such other competing business that represents in the aggregate less than 10% of the voting power of all outstanding equity of such business, and (iii) in the event AMC enters into any agreement for the acquisition or installation of equipment or the provision of services on customary terms that does not violate the exclusivity of LLC hereunder with any entity that has other businesses and provides other services that may compete with LLC.

(b) Non-Solicitation. For the Term of this Agreement and a three-year period after its termination or expiration, each Party shall not, without the prior written approval of the other Party, directly or indirectly: (i) solicit for hire any employees of any other Party or its Affiliates at the level of vice president or higher; or (ii) induce any such employee of such Party to terminate their relationship with such Party. The foregoing will not apply to individuals hired as a result of the use of a general solicitation (such as a newspaper, radio or television advertisement) not specifically directed to the employees of such Party.

ARTICLE 13

OWNERSHIP

Section 13.01 Property.

(a) **LLC Property.** As between LLC and AMC, LLC owns, solely and exclusively, any and all right, title, and interest in and to the Advertising Services (including all Inventory and other content supplied by or on behalf of LLC), the LLC Marks, the Software (excluding any Software owned by AMC as provided in the License Agreement), LLC's Confidential Information, the Digital Content Network, and any and all other data, information, Equipment (excluding the AMC Equipment), material, inventions, discoveries, processes, methods, technology, know-how, written works, software, works of visual art, audio works, and multimedia works provided, developed, created, reduced to practice, conceived, or made available by or on behalf of LLC to AMC or used by LLC to perform any of its obligations under or in connection with this Agreement, as well as any and all translations, improvements, adaptations, reproductions, look and feel attributes, and derivatives thereof (collectively, the "**LLC Property**"), and, except as expressly and explicitly stated in this Agreement, reserves all such right, title, and interest.

(b) **AMC Property.** As between AMC and LLC, AMC owns, solely and exclusively, any and all right, title, and interest in and to all content supplied by or on behalf of AMC, the AMC Marks, Software not included in Section 13.01(a) above, AMC's Confidential Information, and any and all other data, information, Equipment (excluding the LLC Equipment), material, inventions, discoveries, processes, methods, technology, know-how, written works, software, works of visual art, audio works, and multimedia works provided, developed, created, reduced to practice, conceived, or made available by or on behalf of AMC to LLC or used by AMC to perform any of its obligations under or in connection with this Agreement, as well as any and all translations, improvements, adaptations, reproductions, look-and-feel attributes, and derivatives thereof (collectively, the "**AMC Property**"), and, except as expressly and explicitly stated in this Agreement, reserves all such right, title, and interest.

Section 13.02 Derived Works.

(a) **Derived Works from LLC Property.** Any and all data, information, and material created, conceived, reduced to practice, or developed pursuant to this Agreement, but not pursuant to the License Agreement, including, without limitation, written works, processes, methods, inventions, discoveries, software, works of visual art, audio works, look-and-feel attributes, and multimedia works, to the extent based on, using, or derived from, in whole or in part, any LLC Property, whether or not done on LLC's facilities, with LLC's equipment, or by LLC personnel, by either Party alone or with each other or any third party, and any and all right, title, and interest therein and thereto (including, but not limited to, the right to sue for past infringement) (collectively, "**LLC Derived Works**"), shall be owned solely and exclusively by LLC, and AMC hereby assigns, transfers, and conveys to LLC any right, title, or interest in or to any LLC Derived Work which it may at any time acquire by operation of law or otherwise. To the extent any LLC Derived Works are included in the Advertising Services, LLC hereby grants to AMC during the Term a non-exclusive, non-transferable, non-sublicenseable license to such LLC Derived Works solely for use in connection with the Advertising Services, as expressly provided by this Agreement.

(b) Derived Works from AMC Property. Except as specified in Section 13.02(a), any and all data, information, and material created, conceived, reduced to practice, or developed pursuant to this Agreement, but not pursuant to the License Agreement, including, without limitation, written works, processes, methods, inventions, discoveries, software, works of visual art, audio works, look-and-feel attributes, and multimedia works, to the extent based on, using, or derived from, in whole or in part, any AMC Property (and specifically including any materials included in the Policy Trailer or the Branded Slots based on or derived from materials supplied by AMC), whether or not done on AMC's facilities, with AMC's or LLC's equipment, or by AMC personnel, by either Party alone or with each other or any third party, and any and all right, title, and interest therein and thereto (including, but not limited to, the right to sue for past infringement) (collectively, "**AMC Derived Works**"), shall be owned solely and exclusively by AMC, and LLC hereby assigns, transfers, and conveys to AMC any right, title, or interest in or to any AMC Derived Work which it may at any time acquire by operation of law or otherwise. To the extent any AMC Derived Works are included in the Advertising Services, AMC hereby grants to LLC during the Term a nonexclusive, non-transferable, non-sublicenseable license to such AMC Derived Works solely for use in connection with the Advertising Services, as expressly provided by this Agreement.

Section 13.03 No Title. This Agreement is not an agreement of sale, and (a) no title or ownership interest in or to any LLC Property is transferred to AMC, and (b) no title or ownership interest in or to any AMC Property is transferred to LLC, as a result of or pursuant to this Agreement. Further, (i) AMC acknowledges that its exercise of rights with respect to the LLC Property shall not create in AMC any right, title or interest in or to any LLC Property and that all exercise of rights with respect to the LLC Property and the goodwill symbolized thereby or connected therewith will inure solely to the benefit of LLC, and (ii) LLC acknowledges that its exercise of rights with respect to the AMC Property shall not create in LLC any right, title or interest in or to any AMC Property and that all exercise of rights with respect to the AMC Property and the goodwill symbolized thereby or connected therewith will inure solely to the benefit of AMC.

ARTICLE 14

CONFIDENTIALITY

Section 14.01 Confidential Treatment. For a period of three years after the termination of this Agreement:

(a) Treatment of Confidential Information. Each Party shall use and cause its Affiliates to use the same degree of care it uses to safeguard its own Confidential Information and to cause its and its Affiliates' directors, officers, employees, agents and representatives to keep confidential all Confidential Information; and each Party shall hold and shall cause its Affiliates to hold and shall cause its and its Affiliates' directors, officers, employees, agents and representatives to hold in confidence, unless compelled to disclose by judicial or administrative process or, in the opinion of counsel, by the requirements of law, Confidential Information.

(b) LLC's Confidential Information. AMC agrees that the Confidential Information of LLC shall only be disclosed in secrecy and confidence, and is to be maintained by AMC in secrecy and confidence subject to the terms hereof. AMC shall (i) not, directly or indirectly, use the Confidential Information of LLC, except as necessary in the ordinary course of LLC's business, or disclose the Confidential Information of LLC to any third party and (ii) inform all of its employees to whom the Confidential Information of LLC is entrusted or exposed of the requirements of this Section and of their obligations relating thereto.

(c) AMC's Confidential Information. Confidential Information of AMC shall not be supplied by LLC or its Subsidiaries to any Person who is not an employee of LLC, including any employee of a Member or of LLC's manager who is not an employee of LLC. Notwithstanding the foregoing, AMC Confidential Information may be disclosed to authorized third-party contractors of LLC if LLC determines that such disclosure is reasonably necessary to further the business of LLC, and if such contractor executes a non-disclosure agreement preventing such contractor from disclosing AMC's Confidential Information for the benefit of each provider of AMC's Confidential Information in a form reasonably acceptable to the Founding Members. AMC's Confidential Information disclosed to LLC shall not be shared with any other Member without AMC's written consent.

Section 14.02 Injunctive Relief. It is understood and agreed that each Party's remedies at law for a breach of this Article 14, as well as Section 12.07, will be inadequate and that each Party shall, in the event of any such breach or the threat of such breach, be entitled to equitable relief (including without limitation provisional and permanent injunctive relief and specific performance) from a court of competent jurisdiction. The Parties shall be entitled to the relief described in this Section 14.02 without the requirement of posting a bond. Nothing stated herein shall limit any other remedies provided under this Agreement or available to the Parties at law.

ARTICLE 15

MISCELLANEOUS

Section 15.01 Notices. All notices, consents, and other communications between the Parties under or regarding this Agreement shall be in writing and shall be sent to the recipient's address set forth in this section by hand delivery, nationally respected overnight carrier, or certified mail, return receipt requested. Such communications shall be deemed to have been received on the date actually received

LLC: National CineMedia, LLC
9110 East Nichols Ave., Suite 200
Centennial, CO 80112
Attention: Chief Executive Officer

with a copy to: National CineMedia, LLC
9110 East Nichols Ave., Suite 200
Centennial, CO 80112
Attention: General Counsel

AMC: American Multi-Cinema, Inc.
c/o AMC Entertainment Inc.
11500 Ash Street
Leawood, KS 66211
Fax: 913-213-2058
Attn: Kevin Connor, Senior Vice President,
General Counsel and Secretary

with a copy to: Hogan Lovells US LLP
1200 Seventeenth Street, Suite 1500
Denver, CO 80202
Attention: David London

Either Party may change its address for notices by giving written notice of the new address to the other Party in accordance with this section, but any element of such Party's address that is not newly provided in such notice shall be deemed not to have changed.

Section 15.02 Waiver; Remedies. The waiver or failure of either Party to exercise in any respect any right provided hereunder shall not be deemed a waiver of such right in the future or a waiver of any other rights established under this Agreement. All remedies available to either Party hereto for breach of this Agreement are cumulative and may be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed an election of such remedy to the exclusion of other remedies.

Section 15.03 Severability. Should any term or provision of this Agreement be held to any extent unenforceable, invalid, or prohibited under law, then such provision shall be deemed restated to reflect the original intention of the Parties as nearly as possible in accordance with applicable law and the remainder of this Agreement. The application of any term or provision restated pursuant hereto to Persons, property, or circumstances other than those as to which it is invalid, unenforceable, or prohibited, shall not be affected thereby, and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 15.04 Integration; Headings. The Parties hereto agree that the Amended and Restated Exhibitor Services Agreement dated as of July 15, 2005 was terminated (except as otherwise provided in the Letter Agreement dated as of February 13, 2007 by and among LLC, AMC, Cinemark and Regal (the "ESA Payment Letter")), and replaced by the Original Agreement and the exhibits thereto. The Original Agreement and the ESA Payment Letter constituted the complete and exclusive statement of the agreement between the Parties with respect to the subject matter of the Original Agreement as of February 13, 2007, and superseded any and all other prior or contemporaneous oral or written communications, proposals, representations, and agreements, express or implied. This Agreement and the exhibits hereto, together with the Digital Programming Exhibitor Services Agreement, amends and replaces the Original Agreement (as amended by the Amendments) as of the date hereof and, as of the Restated Effective Date, the Original Agreement (as amended by the Amendments) shall be of no further force or effect. This Agreement may be amended only by mutual agreement

expressed in writing and signed by both Parties, except as otherwise provided in Section 12.06. Headings used in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 15.05 Construction. The Parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns, and verbs shall include the plural and vice versa. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable. The use of the words “include” or “including” in this Agreement shall be by way of example rather than by limitation. The use of the words “or,” “either” or “any” shall not be exclusive.

Section 15.06 Non-Recourse. Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the Parties hereto that each and every representation, warranty, covenant, undertaking and agreement made in this Agreement was not made or intended to be made as a personal representation, undertaking, warranty, covenant, or agreement on the part of any individual or of any partner, stockholder, member or other equity holder of either Party hereto, and any recourse, whether in common law, in equity, by statute or otherwise, against any such individual or entity is hereby forever waived and released.

Section 15.07 Governing Law; Submission to Jurisdiction. Subject to the provisions of Section 14.02 and the Parties’ agreement that the United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement and is hereby disclaimed by the Parties:

(a) **Governing Law.** This Agreement is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the Parties.

(b) **Jurisdiction.** Each Party hereto agrees that any legal action or other legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement shall be brought or otherwise commenced exclusively in any state or federal court located in Delaware or in New York, New York. Subject to the preceding sentence, each Party hereto:

(i) expressly and irrevocably consents and submits to the jurisdiction of each state and federal court located in New York, New York (and each appellate court located in the State of New York) in connection with any such legal proceeding, including to enforce any settlement, order or award;

(ii) consents to service of process in any such proceeding in any manner permitted by the laws of the State of New York, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 15.01 is reasonably calculated to give actual notice;

(iii) agrees that each state and federal court located in New York, New York shall be deemed to be a convenient forum;

(iv) waives and agrees not to assert (by way of motion, as a defense or otherwise), in any such legal proceeding commenced in any state or federal court located in New York, New York, any claim that such Party is not subject personally to the jurisdiction of such court, that such legal proceeding has been brought in an inconvenient forum, that the venue of such proceeding is improper or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court; and

(v) agrees to the entry of an order to enforce any resolution, settlement, order or award made pursuant to this Section by the state and federal courts located in New York, New York and in connection therewith hereby waives, and agrees not to assert by way of motion, as a defense, or otherwise, any claim that such resolution, settlement, order or award is inconsistent with or violative of the laws or public policy of the laws of the State of New York or any other jurisdiction.

(c) Costs and Expenses. In the event of any action or other proceeding relating to this Agreement or the enforcement of any provision of this Agreement, the prevailing party (as determined by the court) shall be entitled to payment by the non-prevailing party of all costs and expenses (including reasonable attorneys' fees) incurred by the prevailing party, including any costs and expenses incurred in connection with any challenge to the jurisdiction or the convenience or propriety of venue of proceedings before any state or federal court located in New York, New York.

Section 15.08 Assignment. Neither Party may assign or transfer, by operation of law or otherwise, any of its rights or obligations under this Agreement to any third party without the other Party's prior written consent. Either Party may fulfill their respective obligations hereunder by using third-party vendors or subcontractors; provided, however that such Party shall remain fully and primarily responsible to ensure that such obligations are satisfied. AMC acknowledges and agrees that in the event of assignment or transfer by the sale of all or substantially all of its assets, the failure to obtain (by operation of law or otherwise) an agreement in writing by assignee/transferee to be bound by the terms of this Agreement to the same extent as if such assignee/transferee were a party hereto (an "**Assignment and Assumption**") of its interest in this Agreement in respect of such assets as part of the sale shall constitute a material breach of this Agreement. Notwithstanding the foregoing, this Agreement shall not be assignable by either Party unless the assignee enters into an Assignment and Assumption. A Permitted Transfer shall not be deemed an assignment or transfer for purposes of this Agreement; provided, however, any Permitted Transfer by assignment to an Affiliate of AMC shall be (i) conditioned upon (A) the transferee entering into an Assignment and Assumption, (B) AMC agreeing in writing to remain bound by the obligations under this Agreement, and (ii) effective only so long as the Affiliate remains an Affiliate of transferee. Any attempted assignment in violation of this section shall be void.

Section 15.09 Force Majeure. Any delay in the performance of any duties or obligations of either Party (except the payment of money owed) will not be considered a breach of this Agreement if such delay is caused by a labor dispute, shortage of materials, fire, earthquake, flood, or any other event beyond the control of such Party, provided that such Party uses commercially reasonable efforts, under the circumstances, to notify the other Party of the circumstances causing the delay and to resume performance as soon as possible.

Section 15.10 Third Party Beneficiary. The Parties hereto do not intend, nor shall any clause be interpreted, to create under this Agreement any obligations or benefits to, or rights in, any third party from either LLC or AMC. Neither Party hereto is granted any right or authority to assume or create any obligation or responsibility, express or implied, on behalf of, or in the name of, the other Party, or to bind the other Party in any matter or thing whatever. No Affiliate of either Party shall have any liability or obligation pursuant to this Agreement. Each Party shall be solely responsible, and each Party agrees to look solely to the other, for the satisfaction of such other Party's obligations under this Agreement.

Section 15.11 Export.

(a) LLC's Software and Confidential Information. AMC acknowledges and agrees: (i) that the Software and the Confidential Information of LLC are subject to the export controls of the United States, and (ii) that AMC has no right to, and further agrees that it will not, export or otherwise transfer or permit the transfer of any Software or Confidential Information of LLC outside the Territory. AMC will defend, indemnify, and hold harmless LLC from and against all fines, penalties, liabilities, damages, costs, and expenses incurred by LLC as a result of any failure to comply with the preceding sentence.

(b) AMC's Confidential Information. LLC acknowledges and agrees: (i) that the Confidential Information of AMC is subject to the export controls of the United States, and (ii) that LLC has no right to, and further agrees that it will not, export or otherwise transfer or permit the transfer of any Confidential Information of AMC outside the Territory. LLC will defend, indemnify, and hold harmless AMC from and against all fines, penalties, liabilities, damages, costs, and expenses incurred by AMC as a result of any failure to comply with the preceding sentence.

Section 15.12 Independent Contractors. The Parties' relationship to each other is that of an independent contractor, and neither Party is an agent or partner of the other. Neither Party will represent to any third party that it has, any authority to act on behalf of the other.

Section 15.13 Counterparts. This Agreement may be executed in any number of separate counterparts each of which when executed and delivered to the other Party hereto shall be an original as against the Party whose signature appears thereon, but all such counterparts shall together constitute one and the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

AMERICAN MULTI-CINEMA, INC.

By: /s/ Craig R. Ramsey
Name: Craig R. Ramsey
Title: Executive Vice President and Chief Financial Officer

NATIONAL CINEMEDIA, LLC

By: **NATIONAL CINEMEDIA, INC.,**
Its Manager

By: /s/ Kurt C. Hall
Name: Kurt C. Hall
Title: Chairman and Chief Executive Officer

[Signature page to ESA - Advertising]

EXHIBITS TO AMENDED AND RESTATED EXHIBITOR SERVICES AGREEMENT
(AMENDED AND RESTATED AS OF DECEMBER 26, 2013)

EXHIBIT A

DESCRIPTION OF ADVERTISING SERVICES

“Advertising Services” consist of the following:

1. *Lobby Promotions*. “**Lobby Promotions**” means as follows:

All lobby promotions and other in-theatre promotional activities (excluding the Digital Content Service, the Digital Carousel, the Traditional Content Program and other on-screen content, as described in 3 below), but specifically excluding the following promotional activities (which AMC shall retain the right to perform and have performed on its behalf):

- (i) promotional activities arising under the AMC contracts identified in the Specification Documentation;
- (ii) (1) poster case advertising, digital poster case advertising, advertising on digital animated poster cases, ATM or ticket kiosk screens (or such items that may replace digital poster cases, or ATM or ticket kiosk screens in the future) or other substantially similar display mechanisms and other lobby or in-theatre promotions for (A) Theatre Advertising, (B) film festivals organized by AMC (unless such poster cases have been sold by LLC), (C) fundraising programs conducted by AMC for any non-profit organizations, (D) full-length theatrical productions, (E) Digital Programming Events and (F) other promotional material that may include some or all of the following types of content: isolated images or still scenes from feature films or Digital Programming Events, full motion elements that are not a Trailer or Event Trailer, interactive elements, audio elements and motion sensors; provided, however, that no Trailers, Event Trailers or content equivalent to Trailers or Event Trailers are displayed;
- (2) drink cup and popcorn bag/tub advertising related to the Concessions, as necessary to fulfill contractual obligations of AMC with respect to promotion of such Concessions in the Theatres;
- (3) lobby or in-theatre promotions and advertising for vendors of services provided to the Theatres, provided such promotion is incidental to the vendor’s service, including by way of illustration and not limitation,

(A) logos of Movietickets.com and Fandango related to promotions for online ticketing services, (B) credit card company logos displayed at the box office, automated box office, Concession stands, cafes, arcades, and lobby kiosks, (C) bank logos displayed at ATM's, (D) phone company logos displayed at public telephones, and (E) logos of vendors who provide restroom soaps, toilet paper and lotions;

(4) logos on digital menu boards at the Concession stand or digital displays at the box office of manufacturers of such products;

(5) advertising and/or signage pursuant to the IMAX agreement (if applicable); and

(6) any trademark, service mark, logo or other branding of AMC (or its theatre-operating Affiliates), film studio(s), distributors and production companies and of Alternative Content JV, distributors and production companies for a Digital Programming Event;

provided, however, that AMC shall not be permitted to exhibit or display any promotion described in this Section 1.(ii), if such promotion features any trademark, service mark, logo or other branding of a party other than the film studio(s), distributors, production companies, Concession providers, or other service vendors or providers responsible for the production or promotion, as applicable, or of AMC (or its theatre-operating Affiliates), unless such promotion (x) relates to a Strategic Program that complies with Section 4.07(b) or (y) in connection with an Digital Programming Event contains only a Sponsor Message.

Popcorn bags, popcorn tubs, cups and kids' trays will be provided according to AMC's template and packaging requirements, subject to AMC's providing reasonable notice of changes to any such requirements. LLC may obtain advertising for all of the surface area of all such items that is not required (i) under the Beverage Agreement, (ii) as necessary to fulfill contractual obligations of AMC with respect to Concessions, and (iii) incidental branding needs of AMC, subject to the terms contained in the Beverage Agreement. AMC shall not amend or modify any contract to the extent such amendment or modification would be inconsistent with the exclusive rights of LLC hereunder or have the effect of any extension of third party restrictions on surface area advertising on such popcorn bags, popcorn tubs, cups and kids' trays, except as permitted under Section 4.06(a) with respect to the Beverage Agreement or as permitted under Section 4.07(a).

2. *Event Sponsorships*

“**Event Sponsorship**” means the sale of advertising or sponsorships with respect to any Digital Programming Event exhibited or shown in Theatres.

“**Event Simulcast Advertising Services**” means the sale of advertising with respect to any Digital Programming Event Simulcast. For clarification, to the extent that the content provider allows any third-party advertising to be included in a Digital Programming Event Simulcast, other than that provided by or on behalf of the content provider, LLC shall have the exclusive right, subject to the rights granted by LLC to the Alternative Content JV in the Alternative Content JV Services Agreement, to provide such advertising content.

3. *Digital Content Service, Digital Carousel and Traditional Content Program*

The Digital Content Service (which includes the Pre-Feature Program, Policy Trailer, and the Video Display Program), the Digital Carousel and the Traditional Content Program, and all other on-screen content which is exhibited in Theatre auditoriums prior to the feature film presentation or a Digital Programming Event, but specifically excluding Trailers and Event Trailers. Additionally, if agreed upon by LLC and Alternative Content JV, the Digital Content Service may include the Digital Programming Event Pre-Feature Program.

4. *3D Advertising Services*

“**3d Advertising Services**” means any of the Digital Carousel, the Pre-Feature Program, the Policy Trailer portions of the Advertising Services that are viewed by theatre patrons in 3D by using the Digital Cinema Equipment and 3D Glasses.

EXHIBIT A-1

AMC
INVENTORY FOR LOBBY PROMOTIONS

The Inventory of Lobby Promotions for each Theatre to which LLC has “pre-approved” access is as listed below. Per Flight (unless otherwise specified below), LLC may provide each Theatre with any combination of Lobby Promotions as described below.

<u>Item</u>	<u>Inventory per Flight</u>	<u>Quantity</u>	<u>Spec</u>
Box Office Handout <i>(1 handout per transaction; not film specific)</i>	2 programs per Theatre	TBD	3”x5” 2-sided
Exit Sampling	1 program per Theatre	TBD	
Poster Case	1 program per Theatre	varies (below)	27”x40”
Live Area 24”x38” <i>(1-11 screens: 1 poster; 12 screens: 2 posters; 13-20 screens: 3 posters; 21+ screens: 4 posters)</i>			
Tabling/Demo <i>(No active “recruitment” of patrons)</i>	1 program per Theatre	1 per client	4-6’ table
Vehicle/Motorcycle <i>(Displays limited to specific list of Theatres provided by AMC, and updated from time to time after reasonable advance notice to LLC)</i>	1 program per Theatre	1 per client	
Background Music	1 program per Theatre	N/A	N/A
Counter Cards	2 programs per Theatre	2-3 per client	13”x16.5”x4”
Danglers	1 programs per Theatre per quarter	2-3 per client	18”x24”
Static Clings	1 program per Theatre per quarter	2-3 per client	4”x6”
Banners	1 program per Theatre per quarter	1 per client	6’x4’

Lobby Display	2 programs per Theatre	1 per client	4'x6'
<i>(Displays limited to specific list of Theatres provided by AMC, and updated from time to time after reasonable advance notice to LLC)</i>			
Lobby Standee	2 programs per Theatre	1 per client	3'x5'
<i>(Displays limited to specific list of Theatres provided by AMC, and updated from time to time after reasonable advance notice to LLC)</i>			
Floor Mats	1 program per Theatre per quarter	1 per client	4'x6'

EXHIBIT B

A. Creative Services (See Section 4.05(e))

LLC will provide AMC with up to 1,000 hours per year associated with Creative Services in conjunction with the creation of certain elements of the Pre-Feature Program (including the Policy Trailer, the Brand, and the Branded Slots, but excluding the Digital Programming Event Pre-Feature Program, Event Sponsorships and Branded Slots used for the promotion of Digital Programming Events) and Video Display Program (but excluding materials used for the promotion of Digital Programming Events) at no charge. Additional hours will be billed as set forth in item 2 below. The Creative Services provided at no cost may not include creation of Strategic Programs or any materials in connection with Digital Programming Events or Event Sponsorship.

“Creative Services” include the provision of (i) concept work, idea creation, scripting, treatments, storyboarding, timelines and animatics, (ii) execution, animation, production, post production, sound design, final encoding and the preparation of all deliverables, and (iii) project management, meetings, communications, sub contractor management and all administrative activity related to said creative services.

1. Allocated 1,000 Hours Per Year

All projects will be quoted on a GMH (Guaranteed Maximum Hours) basis by which the Parties will agree to the concept and execution plan of the project. This agreement may be based on treatments, scripts, storyboards, timelines or animatics and will define the intended scope of all creative projects. LLC will guarantee the total maximum hours allocated to the project regardless of actual hours invested so long as the defined scope is not increased. Scope increases may cause LLC to allocate more hours to a project and therefore could cause overruns in the project’s GMH, resulting in additional hours (and possibly fees). In all cases, any work resulting in overruns will be communicated to AMC by LLC prior to the work actually being done.

There is no specific deliverable attached to the accrual of hours, meaning that any project cancelled, put on hold, or for which production may extend beyond the anniversary of the agreement, will still have hours accrued against it that were incurred in that corresponding year. At the end of each calendar year, the balance of hours will be zeroed out. Unused hours will not carry forward. LLC shall provide a quarterly status report to AMC of all hours spent on any particular project as well as the amount of hours spent on an aggregate basis for all projects in any given calendar year.

2. Additional Work

Upon the utilization of 1,000 hours of Creative Services provided by LLC to AMC on any combination of projects within one calendar year, LLC will begin charging exhibitor \$[***] per hour for all additional hours, subject to the CPI Adjustment. These charges will be consistent for all Creative Services provided across all creative groups within LLC.

B. Beverage Agreement Advertising Rate (See Section 4.06(a))

The initial Beverage Agreement Advertising Rate as of the Original Effective Date is \$[***] per thousand attendees in AMC Attendance for a 30-second advertisement. The Beverage Agreement Advertising Rate shall (i) increase 8% per year for each of the first two fiscal years beginning at the end of LLC's 2007 fiscal year; (ii) beginning at the end of the period set forth in (i) above, increase 6% per year for each of the next two fiscal years; and (iii) beginning at the end of the period set forth in (ii) above, increase in an amount equal to the annual percentage increase in the advertising rates per thousand attendees charged by LLC to unaffiliated third parties (excluding the advertising associated with the Beverage Agreement) for on-screen advertising in the Pre-Feature Program during the last six minutes preceding the start of the feature film for each fiscal year for the remainder of the Term, but in no event more than the highest advertising rate per thousand attendees being then-charged by LLC.

The rate for a longer or shorter advertisement shall be adjusted based on a multiple or percentage of the 30-second rate. For illustrative purposes, the initial Beverage Agreement Advertising Rate for 90 seconds of advertising as of the Original Effective Date would be \$[***]. The Beverage Agreement Advertising Rate of \$[***] agreed to by the Parties as of the Original Effective Date is a discounted rate due to the length of the Agreement and the initial commitment to purchase 90 seconds of advertising.

C. Event Services Administrative Fee (See Section 8.02)

The Administrative Fee to be charged for delivery of Trailers, Event Trailers, PSA Trailers, meeting events, Digital Programming Events or Digital Programming Event Pre-Feature Programs shall cover all post production services (including ingesting, editing and encryption) performed by LLC and delivery of content to Theatre(s) through the Digital Content Network. If LLC establishes an additional digital network, pricing related to services provided for such network will be developed separately.

The Administrative Fee shall be negotiated by LLC and AMC in good faith from time to time to ensure that the Administrative Fee being paid to LLC is equal to a market rate negotiated at arms length between third parties.

[***]

Schedule 1
Calculation of Exhibitor Allocation, Theatre Access Fee and Run-Out Obligations

A. Definitions

Within the context of this Schedule 1, the following terms shall have the following meanings:

“4.03 Participating Attendance” means the sum of Regal Attendance, Cinemark Attendance and AMC Attendance, calculated only with respect to Theatres, Cinemark Theatres and AMC Theatres that display an advertising campaign that AMC has not displayed in at least some Theatres pursuant to Section 4.03(viii) or (ix) of this Agreement or because of lack of equipment to display the Video Display Program.

“4.03 Theatre Access Fee” means the product of (i) the difference between (A) AMC 4.03 Opt-In Revenue minus (B) AMC Opt-Out Revenue, multiplied by (ii) the Theatre Access Pool Percentage. It is possible that the 4.03 Theatre Access Fee could be a negative number.

“Advertising-Related EBITDA” means, for the applicable measurement period, LLC EBITDA, less the sum of Non-Service EBITDA.

“Aggregate 4.03 Opt-In Attendance” means, with respect to any advertising campaign that is displayed by some but not all Founding Members pursuant to Section 4.03(i), (iii), (iv), (v) or (vi), the sum of attendance for each of the Founding Members that participate in such advertising campaign, with such attendance calculated for the applicable fiscal month pursuant to the definition of Regal Attendance, Cinemark Attendance and AMC Attendance, as applicable.

“Aggregate 4.03 Opt-In Revenue” means the sum of all 4.03 Revenue for each advertising campaign that any Founding Member opted not to display pursuant to Section 4.03(i), (iii), (iv), (v) or (vi) during the applicable measurement period.

“Aggregate Theatre Access Fee” means the sum of the Theatre Access Fee and the comparable theatre access fee payments made to Cinemark and AMC for the applicable period.

“Aggregate Theatre Access Pool” means the sum of the AMC Theatre Access Pool plus the comparable calculations for Cinemark and Regal.

“AMC 4.03 Opt-In Revenue” means AMC’s proportional share of the 4.03 Revenue resulting from advertising subject to Section 4.03(i), (iii), (iv), (v) or (vi) that was declined by Cinemark or Regal but that AMC exhibited in the fiscal month during which LLC provides the Advertising Services. AMC 4.03 Opt-In Revenue shall be calculated by aggregating, for the applicable fiscal month, the amount equal to the product of (i) 4.03 Revenue for each relevant advertising campaign, multiplied by (ii) the following the fraction (A) the numerator of which is AMC Attendance and (B) the denominator of which is Aggregate 4.03 Opt-In Attendance.

“AMC 4.03 Opt-Out Attendance” means AMC Attendance calculated only with respect to Theatres that do not display an advertising campaign pursuant to Section 4.03(viii) or (ix) of this Agreement or because of lack of equipment to display the Video Display Program.

“AMC 4.03 Opt-Out Revenue” means the estimate of the proportional share of additional 4.03 Revenue that would have been available to LLC in the applicable fiscal month from an advertising campaign that was not displayed in all Theatres pursuant to AMC’s decision under Section 4.03(viii) or (ix) of this Agreement or lack of equipment to display the Video Display Program. AMC 4.03 Opt-Out Revenue shall be calculated by aggregating for the applicable fiscal month the amount equal to the product of (i) the 4.03 Revenue for each relevant advertising campaign, multiplied by (ii) the following fraction (A) the numerator of which is AMC 4.03 Opt-Out Attendance and (B) the denominator of which is 4.03 Participating Attendance.

“AMC Attendance” means the total number of patrons in all AMC Theatre auditoriums (excluding auditoriums that do not run the applicable advertising due to human or technical error within AMC’s control, AMC’s failure to allow LLC to upgrade the Software or Equipment, AMC’s failure to install Equipment pursuant to its obligations under Section 3.04 of its Exhibitor Services Agreement or, after notice and opportunity to cure as set forth in Section 3.08(b) of its Exhibitor Services Agreement, as the result of AMC’s failure to repair or replace any AMC Equipment or AMC’s (or its Affiliates’) software installed at any Theatre, if such obligation to repair or replace is undertaken by AMC pursuant to Section 3.08(b) of its Exhibitor Services Agreement and excluding auditoriums with IMAX Screens that do not exhibit Inventory), during the applicable measurement period.

“AMC Attendance Ratio” means the quotient of: (i) AMC Attendance, divided by (ii) the sum of (A) the Regal Attendance, (B) the Cinemark Attendance and (C) the AMC Attendance.

“AMC Digital Screen Count” means the Digital Screen Number with respect to all Theatres for the applicable measurement period.

“AMC Screen Count” means the Screen Number with respect to all AMC Theatre screens for the applicable measurement period.

“AMC Screen Ratio” means the quotient of: (i) AMC Screen Count, divided by (ii) the sum of (A) the Regal Screen Count, (B) the Cinemark Screen Count and (C) the AMC Screen Count.

“AMC Theatre Access Pool” means the AMC Theatre Access Pool, calculated pursuant to the AMC Exhibitor Agreement.

“AMC Theatre Access Attendance Fee” means the product of (i) the Theatre Access Fee per Patron and (ii) AMC Attendance for the applicable fiscal month.

“AMC Theatre Access Screen Fee” means the product of (i) the Theatre Access Fee per Digital Screen and (ii) the AMC Digital Screen Count, calculated as the average between the number of Digital Screens on the last day of the preceding measurement period and the last day of the applicable measurement period.

“Attendance Factor” means, as of the Effective Date, [***]% (which represents the percentage calculated for the fourth fiscal quarter of 2006 using the formula in the following sentence). Effective as of the first day of each succeeding fiscal quarter of LLC beginning with the second fiscal quarter of 2007, the Attendance Factor shall adjust and be a percentage equal to (i) the total revenue payable to LLC for the immediately preceding fiscal quarter attributable to advertising exhibited in the Theatres, Cinemark Theatres and AMC Theatres with respect to advertising contracts for which the pricing is based on attendance, flat fee or other than number of screens, divided by (ii) the total revenue payable to LLC for the immediately preceding fiscal quarter attributable to all advertising exhibited by LLC in the Theatres, Cinemark Theatres and AMC Theatres.

“Beverage Agreement Revenue” means the aggregate revenue received by LLC related to the Beverage Agreement and Cinemark’s and AMC’s beverage agreements for the applicable measurement period.

“Cinemark Attendance” means the total number of patrons in all Cinemark Theatre auditoriums (excluding auditoriums that do not run the applicable advertising due to human or technical error within Cinemark’s control, Cinemark’s failure to allow LLC to upgrade the Software or Equipment, Cinemark’s failure to install Equipment pursuant to its obligations under Section 3.04 of its Exhibitor Services Agreement or, after notice and opportunity to cure as set forth in Section 3.08(b) of its Exhibitor Services Agreement, as the result of Cinemark’s failure to repair or replace any Cinemark Equipment or Cinemark’s (or its Affiliates’) software installed at any Theatre, if such obligation to repair or replace is undertaken by Cinemark pursuant to Section 3.08(b) of its Exhibitor Services Agreement and excluding auditoriums with IMAX Screens that do not exhibit Inventory), during the applicable measurement period.

“Cinemark Equipment” means the Equipment owned by Cinemark, pursuant to the Cinemark Exhibitor Agreement.

“Cinemark Screen Count” means the Screen Number with respect to all Cinemark Theatre screens for the applicable measurement period.

“Cinemark Theatre Access Pool” means the Cinemark Theatre Access Pool, calculated pursuant to the Cinemark Exhibitor Agreement.

“Digital Screen Number” means the total number of Digital Screens for the applicable measurement period, calculated as the average between the number of Digital Screens on the last day of the preceding measurement period and the last day of the applicable measurement period.

“Encumbered Exhibitor Allocation” means [***].

“Encumbered Service Revenue” means [***].

“Exclusivity EBITDA” means [***].

“Exclusivity Percentage” means [***].

“Exclusivity Run-Out Payment” means, for the applicable fiscal quarter, [***].

“Exhibitor Allocation” means the sum of (i) the product of the Screen Factor and the AMC Screen Ratio, and (ii) the product of the Attendance Factor and the AMC Attendance Ratio.

“Gross Advertising EBITDA” means Advertising-Related EBITDA less any Beverage Agreement Revenue.

“LLC EBITDA” means the aggregate EBITDA of LLC for the applicable measurement period, excluding any Exclusivity Run-Out Payments paid pursuant to this Agreement or any Exhibitor Services Agreement.

“Non-Encumbered Exhibitor Allocation” means [***].

“Non-Service EBITDA” means, for the applicable measurement period, the portion of LLC EBITDA attributable to a business line other than Advertising Services. For the avoidance of doubt, Non-Service EBITDA shall not include Exclusivity Run-Out Payments pursuant to this Agreement or any other Exhibitor Services Agreement.

“Regal Attendance” means the total number of patrons in all Theatre auditoriums (excluding auditoriums that do not run the applicable advertising due to human or technical error within Regal’s control, Regal’s failure to allow LLC to upgrade the Software or Equipment, Regal’s failure to install Equipment pursuant to its obligations under Section 3.04 or, after notice and opportunity to cure as set forth in Section 3.08(b), as the result of Regal’s failure to repair or replace any Regal Equipment or Regal’s (or its Affiliates’) software installed at any Theatre, if such obligation to repair or replace is undertaken by Regal pursuant to Section 3.08(b) and excluding auditoriums with IMAX Screens that do not exhibit Inventory), during the applicable measurement period.

“Regal Equipment” means the Equipment owned by Regal, pursuant to the Regal Exhibitor Agreement.

“Regal Screen Count” means the Screen Number with respect to all Theatres for the applicable measurement period.

“Regal Theatre Access Pool” means the Regal Theatre Access Pool, calculated pursuant to the Regal Exhibitor Agreement.

“Screen Factor” means the percentage resulting from 1 minus the Attendance Factor.

“Screen Number” means, with respect to any measurement period, the sum of the total number of screens in the applicable theatres on each day of the applicable measurement period, all divided by the number of days in the applicable measurement period, provided that a screen shall not be counted for purposes of this calculation if such screen is inaccessible to exhibit Inventory for the majority of the planned exhibitions for any particular day (i) with respect to the Theatres:

due to human or technical error within AMC's or its Affiliates' control, AMC's failure to allow LLC to upgrade the Software or Equipment (subject to Section 3.05), AMC's failure to install Equipment pursuant to its obligations under Section 3.04 or, after notice and opportunity to cure as set forth in Section 3.08(b), as the result of AMC's failure to repair or replace any AMC Equipment or AMC's (or its Affiliates') software installed at any Theatre, if such obligation to repair or replace is undertaken by AMC pursuant to Section 3.08(b)), (ii) with respect to the Cinemark Theatres: due to human or technical error within Cinemark's or its Affiliates' control, Cinemark's failure to allow LLC to upgrade the Software or Equipment (subject to Section 3.05 of its Exhibitor Services Agreement), Cinemark's failure to install Equipment pursuant to its obligations under Section 3.04 of its Exhibitor Services Agreement or, after notice and opportunity to cure as set forth in Section 3.08(b), as the result of Cinemark's failure to repair or replace any Cinemark Equipment or Cinemark's (or its Affiliates') software installed at any Theatre, if such obligation to repair or replace is undertaken by Cinemark pursuant to Section 3.08(b) of its Exhibitor Services Agreement), (iii) with respect to the AMC Theatres: due to human or technical error within AMC's or its Affiliates' control, AMC's failure to allow LLC to upgrade the Software or Equipment (subject to Section 3.05 of its Exhibitor Services Agreement), AMC's failure to install Equipment pursuant to its obligations under Section 3.04 of its Exhibitor Services Agreement or, after notice and opportunity to cure as set forth in Section 3.08(b), as the result of AMC's failure to repair or replace any AMC Equipment or AMC's (or its Affiliates') software installed at any Theatre, if such obligation to repair or replace is undertaken by AMC pursuant to Section 3.08(b) of its Exhibitor Services Agreement), or (iv) if such screen is an IMAX Screen that does not exhibit Inventory.

“Supplemental Theatre Access Fee” means an annual payment from LLC to AMC to supplement the amount of the Theatre Access Fee, payable only if the Aggregate Theatre Access Fee is less than twelve percent of Aggregate Advertising Revenue for the applicable fiscal year. The Supplemental Theatre Access Fee, if any, is equal to the product of (i) (A) twelve percent of Aggregate Advertising Revenue for the relevant fiscal year minus (B) the Aggregate Theatre Access Fee for the relevant fiscal year, and (ii) the AMC Attendance Ratio for the relevant fiscal year.

“Theatre Access Fee” means a monthly payment from LLC to AMC in consideration for Theatres' participation in Advertising Services, which shall be the sum of (i) the AMC Theatre Access Pool and (ii) the 4.03 Theatre Access Fee.

“Theatre Access Fee per Digital Screen” means \$66.67 per month per Digital Screen as of the Effective Date through the end of LLC's 2007 fiscal year and shall increase 5% annually thereafter.

“Theatre Access Fee per Patron” means a fee of \$0.07 per Theatre patron as of the Effective Date and shall increase 8% every five years, with the first such increase after the end of LLC's 2011 fiscal year. Patrons are counted as set forth in the definition of AMC Attendance.

“Theatre Access Pool Percentage” means (i) the Aggregate Theatre Access Pool for the applicable fiscal month, divided by (ii) the difference between (A) Aggregate Advertising Revenue minus (B) Aggregate 4.03 Opt-In Revenue, for the applicable fiscal month.

“Theatre Maintenance Fee per Digital Cinema Screen” means, (i) beginning in the month in which the conversion of any screen in any auditorium in any Theatre to a Digital Cinema Screen either through Dual Interface Architecture or the ACE Solution) is initially completed and is operational for the exhibition of the Pre-Feature Program and LLC has delivered the LLC Confirmation with respect to such Digital Cinema Screen or (ii) beginning in the month in which a new-build auditorium with a Digital Cinema Screen is initially operational for the exhibition of the Pre-Feature Program as confirmed by LLC, a monthly payment in addition to the Theatre Access Fee per Digital Screen shall be made from LLC to AMC in the amount of \$[***] per month through the end of LLC’s 2011 fiscal year, which additional amount shall increase [***]% annually thereafter, with payment for (y) the first month to be pro rata based upon the number of days in such month in which the converted screen is operational and (z) the last month in the term of this Agreement (or the last month in which the Digital Cinema Equipment is not removed from such Digital Cinema Screen) to be [***]% of the applicable monthly payment then due. The amount of the Theatre Maintenance Fee per Digital Cinema Screen shall be the same regardless of whether the Dual Interface Architecture or the ACE Solution is chosen to deliver Advertising Services in any auditorium; provided that if AMC removes the Digital Cinema Equipment in any Digital Cinema Screen as permitted by Section 3.06, LLC shall no longer be liable to pay AMC the Theatre Maintenance Fee per Digital Cinema Screen with respect to such Digital Cinema Screen until such time as Projection System with respect to such Digital Cinema Screen is reinstalled.

In addition to the foregoing, the following terms have the meanings assigned in the Sections of this Agreement referred to in the table below:

<u>Term</u>	<u>Section</u>
Agreement	Preamble
4.03 Revenue	4.03
ACE Solution	Article 1
Adverting Services	Article 1
Affiliate	Article 1
Aggregate Advertising Revenue	Article 1
AMC	Preamble
AMC Equipment	Article 1
Beverage Agreement	Article 1
Cinemark Exhibitor Agreement	Article 1
Cinemark Theatre	Article 1
Digital Cinema Equipment	3.06
Digital Cinema Screen	Article 1
Digital Screen	Article 1
Digitized Theatre	Article 1
Dual Interface Architecture	Article 1
EBITDA	Article 1
Effective Date	Preamble
Encumbered Theatre	4.08
Equipment	Article 1

<u>Term</u>	<u>Section</u>
Founding Members	Article 1
IMAX Screens	4.13(b)
Inventory	Article 1
LLC	Preamble
LLC Confirmation	3.06(a)
Pre-Feature Program	Article 1
Projection System	Article 1
Regal Exhibitor Agreement	Article 1
Regal Theatre	Article 1
Software	Article 1
Theatres	Article 1

B. Exhibitor Allocation

Formula¹

Exhibitor Allocation = (Screen Factor * AMC Screen Ratio) + (Attendance Factor * AMC Attendance Ratio); where:

- (1) Screen Factor = 1 - Attendance Factor
- (2) AMC Screen Ratio = AMC Screen Count / (Regal Screen Count + Cinemark Screen Count + AMC Screen Count)
 - (a) Screen Count (for each of Regal, Cinemark and AMC) = Screen Number for that exhibitor during the applicable measurement period
 - (b) Screen Number = Number of screens available in the exhibitor's Theatres on each day of the applicable measurement period to exhibit Inventory / Total number of days in the applicable measurement period
- (3) Attendance Factor = Percentage of advertising revenue attributable to contracts with pricing based on any factor other than number of screens (e.g., pricing based on attendance or flat fee) compared to total advertising revenue, as calculated on the first day of each fiscal quarter
- (4) AMC Attendance Ratio = AMC Attendance / (Regal Attendance + Cinemark Attendance + AMC Attendance)
 - (a) Attendance (for each of Regal, Cinemark and AMC) = Total number of patrons in all of the exhibitor's Theatre auditoriums during the applicable measurement period

¹ The meaning of each term used in this exhibitor allocation formula is qualified by the Definitions section of this Schedule 1.

C. Theatre Access Fee

Formula² for Monthly Payments of Theatre Access Fee and Annual Payments of Supplemental Theatre Access Fee

Theatre Access Fee = AMC Theatre Access Pool + 4.03 Theatre Access Fee; where:

- (1) AMC Theatre Access Pool = AMC Theatre Access Attendance Fee + AMC Theatre Access Screen Fee
 - (a) AMC Theatre Access Attendance Fee = Theatre Access Fee per Patron * AMC Attendance
 - (i) Theatre Access Fee per Patron = \$0.07 per patron (subject to an increase of 8% every five years, with the first such increase occurring after the end of LLC's 2011 fiscal year)
 - (ii) AMC Attendance = Number of patrons in all Theatre auditoriums that exhibit the advertising
 - (b) AMC Theatre Access Screen Fee = Theatre Access Fee per Digital Screen * AMC Digital Screen Count
 - (i) Theatre Access Fee per Digital Screen = \$66.67 per Digital Screen (subject to a 5% annual increase, beginning after the end of LLC's 2007 fiscal year)
 - (ii) AMC Digital Screen Count = Number of screens in Digitized Theatres that exhibit advertising
- (2) 4.03 Theatre Access Fee = (AMC 4.03 Opt-In Revenue – AMC 4.03 Opt-Out Revenue) * Theatre Access Pool Percentage
 - (a) AMC 4.03 Opt-In Revenue = For each advertising campaign that is displayed by AMC and contains content not displayed by Cinemark or AMC pursuant to Section 4.03(i), (iii), (iv), (v) or (vi) of this Agreement, the aggregate of the products obtained from the following calculation:
4.03 Revenue for that advertising campaign * (AMC Attendance / Aggregate 4.03 Opt-In Attendance)
 - (i) AMC Attendance = See Section B of this Schedule
 - (ii) Aggregate 4.03 Opt-In Attendance = Sum of Regal Attendance, Cinemark Attendance and AMC Attendance, as applicable, for the Founding Members that displayed such 4.03 content
 - (b) AMC Opt-Out Revenue = For each advertising campaign that is not displayed in all Theatres pursuant to AMC's decision under Section 4.03(viii) or (ix) of this Agreement or lack of equipment to display the Video Display Program, the aggregate of the products obtained by the following calculation:

² The meaning of each term used in this Theatre Access Fee formula and Supplemental Theatre Access Fee formula is qualified by the definitions in Section A of this Schedule 1.

4.03 Revenue for that advertising campaign * (AMC 4.03 Opt-Out Attendance / 4.03 Participating Attendance)

- (i) AMC 4.03 Opt-Out Attendance = AMC Attendance during the applicable fiscal month at Theatres that did not display content pursuant to Section 4.03(viii) or (ix) of this Agreement or because of lack of equipment to display the Video Display Program
 - (ii) 4.03 Participating Attendance = Sum of Regal Attendance, Cinemark Attendance and AMC Attendance at Theatres, Cinemark Theatres and AMC Theatres that displayed such content
- (c) Theatre Access Pool Percentage = Aggregate Theatre Access Pool / (Aggregate Advertising Revenue – Aggregate 4.03 Opt-In Revenue)
- (i) Aggregate Theatre Access Pool = Sum of Regal Theatre Access Pool + Cinemark Theatre Access Pool + AMC Theatre Access Pool
 - (ii) Aggregate Advertising Revenue = LLC's revenue related to Advertising Services, except Event Sponsorships, revenue related to relationships with third parties that are not Founding Members and Advertising Services provided to Founding Members outside the provisions of this Agreement
 - (iii) Aggregate 4.03 Opt-In Revenue = The aggregate of all 4.03 Revenue for each advertising campaign that any Founding Member opted not to display pursuant to Section 4.03(i), (iii), (iv), (v) or (vi).

Supplemental Theatre Access Fee = If Aggregate Theatre Access Fee < (12% * Aggregate Advertising Revenue): ((12% * Aggregate Advertising Revenue) – Aggregate Theatre Access Fee) * AMC Attendance Ratio; where:

- (1) Aggregate Theatre Access Fee = Sum of Theatre Access Fee plus the comparable theatre access fee payments made to Cinemark and Regal for the same period
- (2) AMC Attendance Ratio = See Section B of this Schedule

D. Exclusivity Run-Out Payment

Formula³ for Quarterly Payments

Exclusivity Run-Out Payment = [***]

³ The meaning of each term used in this Exclusivity Run-Out Payment formula is qualified by the definitions in Section A of this Schedule 1.

Schedules

2, 3, 4

SCHEDULE 2

“ACE Solution” Architecture

[***]

SCHEDULE 3

“Dual Interface” Architecture

[***]

SCHEDULE 4

“Low Resolution Projection System”

[***]

SCHEDULE A

**DCN Advertising
Equipment List for Separate Systems**

[***]

**DCN Advertising
Equipment List for Dual Interface**

[***]

**DCN Advertising
Equipment List for Full Integration**

[***]

**DBN Fathom
Equipment List using LCD Projector**

[***]

**DBN Fathom
Equipment List using Digital Cinema Projector**

[***]

NOTE: THIS DOCUMENT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. PORTIONS OF THIS DOCUMENT FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED HAVE BEEN REDACTED AND ARE MARKED HEREIN BY “[*]”. SUCH REDACTED INFORMATION HAS BEEN FILED SEPARATELY WITH THE COMMISSION PURSUANT TO THE CONFIDENTIAL TREATMENT REQUEST.**

AMENDED AND RESTATED

EXHIBITOR SERVICES AGREEMENT

**BETWEEN NATIONAL CINEMEDIA, LLC AND
CINEMARK USA, INC.**

DATED AS OF FEBRUARY 13, 2007

AND

AMENDED AND RESTATED AS OF DECEMBER 26, 2013

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**AMENDED AND RESTATED
EXHIBITOR SERVICES AGREEMENT**

THIS AMENDED AND RESTATED EXHIBITOR SERVICES AGREEMENT (this "Agreement") is entered into as of December 26, 2013 (the "Restated Effective Date") by and between National CineMedia, LLC, a Delaware limited liability company ("LLC"), and Cinemark USA, Inc., a Texas corporation ("Cinemark," and with LLC, each a "Party" and collectively, the "Parties").

BACKGROUND

WHEREAS, American Multi-Cinema, Inc. ("**AMC**"), AMC Showplace Theatres, Inc. ("**AMC Showplace**"), Regal Cinemas, Inc. ("**Regal**"), Regal CineMedia Holdings, LLC ("**RCH**") and Cinemark Media, Inc. ("**Cinemark Media**") are parties to that certain Third Amended and Restated Limited Liability Company Operating Agreement, dated as of February 13, 2007, as amended (the "**LLC Agreement**"), which governs the rights and obligations of AMC, AMC Showplace, Regal, RCH and Cinemark Media (collectively, the "**Founding Members**") and National CineMedia, Inc. ("**National CineMedia**") as Members of the LLC; and

WHEREAS, LLC and Cinemark are parties to that certain Exhibitor Services Agreement dated as of February 13, 2007 (the "**Original Agreement**"), which has been subsequently amended by the Amendments (as defined below), pursuant to which LLC provides Cinemark certain advertising and digital programming services; and

WHEREAS, LLC and Cinemark are parties to that certain Amendment to Exhibitor Services Agreement dated as of November 5, 2008 (the "**First Amendment**"); and

WHEREAS, LLC and Cinemark are parties to that certain Second Amendment to Exhibitor Services Agreement dated as of October 1, 2010 (the "**Second Amendment**"); and

WHEREAS, LLC and Cinemark are parties to that certain Third Amendment to Exhibitor Services Agreement dated as of April 17, 2012 (the "**Third Amendment**"); the First Amendment, the Second Amendment and the Third Amendment are referred to herein as the "**Amendments**"); and

WHEREAS, in anticipation of (a) the assignment of LLC's rights and obligations under the Original Agreement, as amended by the Amendments, with respect to digital programming services to Alternative Content JV (as defined herein), (b) the assumption by Alternative Content JV of such rights and obligations and (c) LLC and Alternative Content JV entering into the Alternative Content Services Agreement (as defined herein), the Parties are hereby (x) dividing the Original Agreement, as amended by the Amendments, into two separate agreements, one of which will address rights and obligations of the Parties related to Advertising Services (as defined herein) and the other of which will address rights and obligations of the Parties related to digital programming services, (y) incorporating the Amendments (to the extent relating to Advertising Services) into this Agreement and amending and restating the Parties' respective rights and obligations as they relate to Advertising Services in this Agreement, and (z) incorporating the Amendments (to the extent relating to digital programming services) into, and

amending and restating the Parties' respective rights and obligations as they relate to digital programming services in, a Digital Programming Exhibitor Services Agreement (as defined herein); and

NOW, THEREFORE, in consideration of the premises and mutual covenants in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, and, intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.01 Definitions. Within the context of this Agreement, the following terms shall have the following meanings:

“**3D**” means a digital format that is three dimensional and creates the illusion of depth perception.

“**3D Advertising Services**” has the meaning assigned to it in Section 4 of Exhibit A.

“**3D Content**” has the meaning assigned to it in Section 4.16(a).

“**3D Glasses**” means glasses worn by theatre patrons to enable them to view content in 3D that meet or exceed 3D Equipment supplier's specifications and are approved by Exhibitor.

“**4.03 Revenue**” has the meaning assigned to it in Section 4.03.

“**ACE Solution**” means a delivery system in which the DCN screen player is eliminated, and the ACE (also referred to as an alternative content engine) interfaces directly with the TMS, as illustrated on Schedule 2. The ACE Solution is also known as “fully integrated”.

“**Acquisition Theatre(s)**” has the meaning assigned to it in Section 2.02(b).

“**Additional Lobby Promotions**” has the meaning assigned to it in Section 4.02(b).

“**Administrative Agent**” means (i) Barclays Bank PLC as administrative agent under the LLC Credit Agreement and any successors and assignees in accordance with the terms of the LLC Credit Agreement, (ii) Barclays Bank PLC as collateral agent with respect to the Senior Secured Notes and any successors and assignees in accordance with the terms of the Senior Secured Notes and (iii) any administrative agent or collateral agent that becomes party to any other secured debt to be entered into or issued by LLC after the Restated Effective Date.

“**Administrative Fee**” means the fee for services provided by LLC as requested by Cinemark in connection with delivery of content to Theatres.

“**Advertising Services**” means the advertising and promotional services (including the Digital Content Service, the Digital Carousel, the Traditional Content Program, Lobby Promotions, Event Sponsorships, Event Simulcast Advertising Services and 3D Advertising Services) as described in Exhibit A.

“**Affiliate**” means with respect to any Person, any Person that directly or indirectly, through one or more intermediaries Controls, is Controlled by or is under common Control with such Person. Notwithstanding the foregoing, (i) no Member shall be deemed an Affiliate of LLC, (ii) LLC shall not be deemed an Affiliate of any Member, (iii) no stockholder of REG, or any of such stockholder’s Affiliates (other than REG and its Subsidiaries) shall be deemed an Affiliate of any Member or LLC, (iv) no stockholder of Cinemark Holdings, or any of such stockholder’s Affiliates (other than Cinemark Holdings and its Subsidiaries) shall be deemed an Affiliate of any Member or LLC, (v) no stockholder of National CineMedia shall be deemed an Affiliate of National CineMedia, and (vi) National CineMedia shall not be deemed an Affiliate of any stockholder of National CineMedia.

“**Aggregate Advertising Revenue**” means, for the applicable measurement period, the total revenue, in the form of cash and non-cash consideration, payable to LLC for Advertising Services, excluding revenue payable to LLC related to (i) Event Sponsorship, (ii) Advertising Services provided to third parties that are not Founding Members, and (iii) Advertising Services provided to Founding Members outside the provisions of this Agreement pursuant to a written agreement between LLC and such Founding Members.

“**Agreement**” has the meaning assigned to it in the preamble of this Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

“**Alternative Agreement**” has the meaning assigned to it in Section 9.03(a).

“**Alternative Content JV**” means AC JV, LLC, a Delaware limited liability company, and its successors and assigns.

“**Alternative Content Services Agreement**” means that certain services agreement entered into between Alternative Content JV and LLC dated as of the date hereof pursuant to which, among other things, LLC shall provide Alternative Content JV with the advertising inventory described therein.

“**AMC**” has the meaning assigned to it in the recitals to this Agreement.

“**AMC Showplace**” has the meaning assigned to it in the recitals to this Agreement.

“**AMC Exhibitor Agreement**” means the Amended and Restated Exhibitor Services Agreement between LLC and AMC, dated of even date herewith, as the same may be amended, supplemented or otherwise modified from time to time.

“**Amendments**” has the meaning assigned to it in the recitals to this Agreement.

“**Assignment and Assumption**” has the meaning assigned to it in Section 15.08.

“**Bankruptcy Code**” means Title 11 of the United States Code (11 U.S.C. §101 et seq.), as amended from time to time.

“**Beverage Agreement**” means the Marketing, Advertising and Brand Presence Agreement by and between Coca-Cola North America, a division of The Coca-Cola Company, and Cinemark, dated as of January 1, 2009 and all exhibits and amendments thereto, as such agreement may be amended from time to time, and any subsequent agreements entered into by Cinemark and its beverage concessionaires at the expiration or termination of the agreement referenced above which is in effect on the Restated Effective Date.

“**Beverage Agreement Advertising Rate**” has the meaning assigned to it in Section 4.06(a).

“**Beverage Compliance Report**” has the meaning assigned to it in Section 4.10(b)(i).

“**Brand**” has the meaning assigned to it in Section 4.05(a).

“**Branded Slots**” has the meaning assigned to it in Section 4.05(a).

“**Cinemark**” has the meaning assigned to it in the preamble of this Agreement.

“**Cinemark Derived Works**” has the meaning assigned to it in Section 13.02(b).

“**Cinemark Equipment**” means the Equipment owned by Cinemark.

“**Cinemark Holdings**” means Cinemark Holdings, Inc. or its successor or any Person that wholly owns Cinemark Holdings, directly or indirectly, in the future.

“**Cinemark Information**” means all Confidential Information supplied by Cinemark and its Affiliates.

“**Cinemark Initial ESA Modification Payment**” has the meaning assigned to it in Section 2.05(a)(i).

“**Cinemark Legacy Agreement(s)**” means all pre-Original Effective Date agreements of Cinemark or its Affiliates, including without limitation such agreements relating to the purchase of advertising in Acquisition Theatres, pursuant to which services which fall within the definition of Advertising Services are provided and which are expected to result in the generation of revenue payable to Cinemark or its Affiliates on and after the Original Effective Date, but excluding the Beverage Agreement, agreements with third-party cinema advertising service providers (which give rise to Run-Out Obligations pursuant to Section 4.08) and agreements between Cinemark or its Affiliates and any theatres owned by third parties (including other Members or their Affiliates) regarding the exhibition of content, advertisements or promotions in such third-party theatres.

“**Cinemark Marks**” means the trademarks, service marks, logos, slogans and/or designs owned by Cinemark or otherwise contributed by Cinemark for use under this Agreement, in any and all forms, formats and styles, including as may be used in the Brand (as defined herein), as may be modified from time-to-time all as notified to LLC from time-to-time by Cinemark.

“**Cinemark Media**” has the meaning assigned to it in the recitals to this Agreement.

“**Cinemark Property**” has the meaning assigned to it in Section 13.01(b).

“**Cinemark Quality Standards**” has the meaning assigned to it in Section 7.03(c).

“**Client Limitation**” has the meaning assigned to it in Section 4.07(b)(i).

“**Common Unit Adjustment**” has the meaning assigned to it in the LLC Agreement.

“**Common Units**” has the meaning assigned to in the LLC Agreement.

“**Concessions**” means popcorn, candy, and other food and beverage items sold at the concession stands in Theatres.

“**Confidential Information**” means all documents and information concerning any other Party hereto furnished it by such other Party or its representatives in connection with the transactions contemplated by this Agreement (together with confidential information, including but not limited to Intellectual Property and other Proprietary Information of the other Members and LLC), and shall include, by way of example and not limitation, the LLC Property, the Cinemark Property, the LLC Derived Works and the Cinemark Derived Works. Confidential Information shall also include all Confidential Information supplied by the Members and their Affiliates. Notwithstanding the foregoing, Confidential Information shall not include any information that can be shown to have been (i) previously known by the Party to which it is furnished lawfully and without breaching or having breached an obligation of such Party or the disclosing Party to keep such documents and information confidential, (ii) in the public domain through no fault of the disclosing Party, or (iii) independently developed by the disclosing Party without using or having used the Confidential Information.

“**Control**” (including the terms “**Controlled by**” and “**under common Control with**”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

“**Costs**” has the meaning assigned to it in Section 11.01(a).

“**CPI**” means the monthly index of the U.S. City Average Consumer Price Index for Urban Wage Earners and Clerical Workers (All Items; 1982-84 equals 100) published by the United States Department of Labor, Bureau of Labor Statistics or any successor agency that shall issue such index. In the event that the CPI is discontinued for any reason, LLC shall use such other index, or comparable statistics, on the cost of living for urban areas of the United States, as shall be computed and published by any agency of the United States or, if no such index is published by any agency of the United States, by a responsible financial periodical of recognized authority.

“**CPI Adjustment**” means the quotient of (i) the CPI for the month of January in the calendar year for which the CPI Adjustment is being determined, divided by (ii) the CPI for January of 2007.

“Creative Services” has the meaning assigned to it in paragraph A of Exhibit B.

“DCI Spec Compliance” means compliance with (i) the Digital Cinema Specification Version 1.2 released on March 7, 2008 by Digital Cinema Initiatives, LLC and its errata; (ii) the DCI Stereoscopic Digital Cinema Addendum Version 1.0 released on July 11, 2007 and its errata; and (iii) any applicable specifications formally approved and adopted by SMPTE DC28, each as of March 10, 2010.

“DCIP” means Digital Cinema Implementation Partners, LLC, a Delaware limited liability company.

“Designated Services” has the meaning assigned to it in Section 9.03(a).

“Digital Carousel” means a loop of slide advertising with minimal branding and entertainment content which (i) is displayed before the Pre-Feature Program in Digitized Theatres via the Digital Content Network and (ii) is displayed before the Traditional Content Program in Non-Digitized Theatres via a non-digital slide projector.

“Digital Cinema Equipment” has the meaning assigned to it in Section 3.06(a).

“Digital Cinema Screen” means a screen in an auditorium in a Theatre that is equipped with Digital Cinema Equipment and such Digital Cinema Equipment is operational to provide the Advertising Services.

“Digital Cinema Services” means services related to the digital playback and display of feature films at a level of quality commensurate with that of 35 mm film release prints that includes high-resolution film scanners, digital image compression, high-speed data networking and storage, and advanced digital projection.

“Digital Content Network” means a network of LLC Equipment and third-party equipment and other facilities which provides for the electronic transmission of digital content, directly or indirectly, from a centrally-controlled location to Theatres, resulting in the “on-screen” exhibition of such content in such Theatres, either in Theatre auditoriums or on Lobby Screens.

“Digital Content Service” means the Pre-Feature Program, Policy Trailer and the Video Display Program.

“Digital Programming Event” means a digital programming event delivered live, substantially live or prerecorded including, without limitation, sports, music and comedy events exhibited in Theatres, but shall not include (a) the Pre-Feature Program, the Digital Programming Event Pre-Feature Program, the Digital Carousel or the Video Display Program, or (b) feature film content or (c) Event Trailers or Trailers. For purposes of this definition, “feature film content” shall not include (i) any form of content which is booked in the majority of the Theatres exhibiting such content for less than seven (7) consecutive days or (ii) anime, documentaries or classic movies.

“**Digital Programming Exhibitor Services Agreement**” means that certain amended and restated digital programming exhibitor services agreement entered into between LLC and Cinemark dated as of the date hereof and assigned to Alternative Content JV pursuant to which, among other things, Alternative Content JV will provide digital programming services to Cinemark.

“**Digital Programming Event Pre-Feature Program**” means a program of digital content of between twenty (20) and thirty (30) minutes in length that is distributed for exhibition in Theatres prior to the Showtime of a Digital Programming Event.

“**Digital Programming Event Simulcast**” has the meaning assigned to it in Section 4.17.

“**Digital Screen**” means a screen in an auditorium of a Digitized Theatre.

“**Digitized Theatres**” means all Theatres that are connected to the Digital Content Network, as of the Restated Effective Date, and all Theatres that subsequently connect to the Digital Content Network, as of the date such connection is established.

“**Disposition**” (including the term “**Disposed**”) has the meaning assigned to it in Section 2.03.

“**Dual Interface Architecture**” means a delivery system in which the SMS and the DCN screen player connect to the same digital cinema projector (one projector with two play-back servers), as illustrated on Schedule 3.

“**EBITDA**” means, for the applicable measurement period, earnings before interest, taxes, depreciation and amortization, all as defined by GAAP.

“**Encumbered Theatres**” has the meaning assigned to it in Section 4.08(a).

“**Equipment**” means the equipment and cabling, as prescribed by the terms of this Agreement, which is necessary to schedule, distribute, play, reconcile and otherwise transmit and receive the Advertising Services delivered by LLC pursuant to the terms of this Agreement, and a complete list of all such equipment located inside or on any Theatre building and the ownership thereof as of the Restated Effective Date is set forth in the Specification Documentation, as may be amended from time to time at the request of either Party.

“**ESA Payment Letter**” has the meaning assigned to it in Section 15.04.

“**ESA-Related Tax Benefit Payments**” has the meaning assigned to it in Section 1.1 of the Tax Receivable Agreement.

“**Event Simulcast Advertising Services**” has the meaning assigned to it in Section 2 of Exhibit A.

“**Event Sponsorship**” has the meaning assigned to it in Section 2 of Exhibit A.

“**Event Trailer**” means a promotion for a Digital Programming Event that is exhibited in the Theatres after Showtime.

“**Excluded Theatres**” has the meaning assigned to it in Section 4.13(a).

“**First Amendment**” has the meaning assigned to it in the recitals to this Agreement.

“**Flight**” has the meaning assigned to it in Section 4.01(a).

“**Founding Members**” has the meaning assigned to it in the recitals to this Agreement and shall include their respective Affiliates.

“**Future Theatres**” has the meaning assigned to it in Section 3.01.

“**GAAP**” means United States generally accepted accounting principles, consistently applied.

“**Governmental Authority**” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“**Group**” has the meaning used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934.

“**IMAX Screens**” has the meaning assigned to it in Section 4.13(b).

“**Indemnifying Party**” has the meaning assigned to it in Section 11.01(c).

“**Infringement**” has the meaning assigned to it in Section 12.02.

“**Initial Term**” has the meaning assigned to it in Section 9.01.

“**Intellectual Property**” means all intellectual property, including but not limited to all U.S., state and foreign (i) (A) patents, inventions, discoveries, processes and designs; (B) copyrights and works of authorship in any media; (C) trademarks, service marks, trade names, trade dress and other source indicators and the goodwill of the business symbolized thereby, (D) software; and (E) trade secrets and other confidential or proprietary documents, ideas, plans and information; (ii) registrations, applications and recordings related thereto; (iii) rights to obtain renewals, extensions, continuations or similar legal protections related thereto; and (iv) rights to bring an action at law or in equity for the infringement or other impairment thereof.

“**Inventory**” means any advertising or other content.

“**License Agreement**” means that certain Second Amended and Restated Software License Agreement, dated as of February 13, 2007, among LLC, AMC, Cinemark and Regal, as applicable, and as such agreement may be amended, supplemented or otherwise modified from time to time.

“**LLC Agreement**” has the meaning assigned to it in the recitals to this Agreement.

“**LLC Confirmation**” has the meaning assigned to it in Section 3.06(a).

“**LLC Credit Agreement**” means the Amended and Restated Credit Agreement dated as of November 26, 2012 among LLC, the several lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as syndication agent, Credit Suisse Securities (USA) LLC, MacQuarie Capital (USA) Inc. and Morgan Stanley Senior Funding, Inc., as co-documentation agents and Barclays Bank PLC, as the Administrative Agent, as amended, modified or supplemented from time to time and any extension, refunding, refinancing or replacement (in whole or in part) thereof.

“**LLC Derived Works**” has the meaning assigned to it in Section 13.02(a).

“**LLC Equipment**” means the Equipment owned by LLC pursuant to the terms of this Agreement.

“**LLC Marks**” means the trademarks, service marks, logos, slogans and/or designs owned by LLC or otherwise contributed by LLC for use under this Agreement, in any and all forms, formats and styles, including as may be used in the Brand (as defined herein), as may be modified from time-to-time all as notified to Cinemark from time to time by LLC.

“**LLC Property**” has the meaning assigned to it in Section 13.01(a).

“**LLC Quality Standards**” has the meaning assigned to it in Section 7.02(c).

“**Lobby Promotions**” has the meaning assigned to it in Section 1 of Exhibit A.

“**Lobby Screen**” means a plasma, LED or other type of screen displaying digital or recorded content that is located inside a Theatre and outside the auditoriums, or any other type of visual display mechanism that replaces such a screen. Lobby Screens shall not include, however, digital poster cases, digital animated poster cases, ATM or ticket kiosk screens (or such items that may replace digital poster cases or ATM or ticket kiosk screens in the future) or other substantially similar display mechanisms that display Theatre Advertising or promotional material that may include some or all of the following types of content: isolated images or still scenes from feature films or Digital Programming Events, full motion elements that are not a Trailer or an Event Trailer, interactive elements, audio elements and motion sensors and which content, considered singularly and collectively, is sufficiently limited in playtime and complexity such that it cannot reasonably be considered equivalent to a Trailer or an Event Trailer.

“**Loews Theatres**” mean the theatres acquired (and not divested under government order) by AMC Entertainment Inc. in connection with its merger with Loews Cineplex Entertainment Corporation completed on January 26, 2006.

“**Low Resolution Projection System**” means a digital projection system deployed in Theatres that (i) is not DCI Spec Compliant, (ii) has a maximum resolution less than 2K (i.e., a resolution of less than 2048×1080), and (iii) is similar in functionality to the low resolution projection systems currently deployed in Theatres, as illustrated on Schedule 4.

“Marketing Materials” has the meaning assigned to it in Section 7.02(a).

“Member” means each Person that becomes a member, as contemplated in the Delaware Limited Liability Act, of LLC in accordance with the provisions of the LLC Agreement and has not ceased to be a Member pursuant to the LLC Agreement.

“National CineMedia” has the meaning assigned to it in the recitals to this Agreement.

“Newbuild Theatre(s)” has the meaning assigned to it in Section 2.02(a).

“Non-Assignable Legacy Agreement” has the meaning assigned to it in Section 4.06(b)(ii).

“Non-Digitized Theatres” means Theatres that are not Digitized Theatres.

“Original Agreement” has the meaning assigned to it in the recitals of this Agreement.

“Original Effective Date” means February 13, 2007.

“Party” has the meaning assigned to it in the preamble of this Agreement.

“Permitted Transfer” means:

(a) by operation of law or otherwise, the direct or indirect change in control, merger, consolidation or acquisition of all or substantially all of the assets of LLC or Cinemark, as applicable, or the assignment of this Agreement by Cinemark to an Affiliate,

(b) with respect to the rights and obligations of LLC under this Agreement, (i) the grant of a security interest by LLC in this Agreement and all rights and obligations of LLC hereunder to the Administrative Agent, on behalf of the Secured Parties, pursuant to the Security Documents, (ii) the assignment or other transfer of such rights and obligations to the Administrative Agent (on behalf of the Secured Parties) or other third party upon the exercise of remedies in accordance with the LLC Credit Agreement, the Senior Secured Notes and/or any other secured debt to be entered into or issued by LLC after the Restated Effective Date and the Security Documents and (iii) in the event that the Administrative Agent is the initial assignee or transferee under the preceding clause (ii), the subsequent assignment or other transfer of such rights and obligations by the Administrative Agent on behalf of the Secured Parties to a third party, or

(c) in the event that LLC becomes a debtor in a case under the Bankruptcy Code, the assumption and/or assignment by LLC of this Agreement under section 365 of the Bankruptcy Code, notwithstanding the provisions of section 365(c) thereof.

“Person” means any individual, corporation, limited liability company, partnership, trust, joint stock company, business trust, unincorporated association, joint venture, Governmental Authority or other entity or organization of any nature whatsoever or any Group of two or more of the foregoing.

“**Play List**” has the meaning assigned to it in Section 4.01(a).

“**Policy Trailer**” has the meaning assigned to it in Section 4.05(b).

“**Pre-Feature Program**” means a program of digital content of between twenty (20) and thirty (30) minutes in length that is distributed by LLC through the Digital Content Network for exhibition in Digitized Theatres prior to Showtime of a feature film or other programming or event (other than a Digital Programming Event) or that is distributed non-digitally by some other means, including DVD, for exhibition prior to Showtime of a feature film or other programming or event (other than a Digital Programming Event) in Non-Digitized Theatres. For the avoidance of doubt, the definition of Pre-Feature Program shall not include any Digital Programming Event Pre-Feature Program.

“**Pre-Feature Programming Schedule**” means the schedule for the Pre-Feature Program as developed from time to time by LLC after consultation with Cinemark.

“**Projection System**” means, collectively, a digital projection system including at least the following components: a digital projector with a minimum resolution of 2K, a digital cinema playout system (server or media block) and a screen management system for the relevant Screen.

“**Proprietary Information**” means all Intellectual Property, including but not limited to information of a technological or business nature, whether written or oral and if written, however produced or reproduced, received by or otherwise disclosed to the receiving Party from or by the disclosing Party that is marked proprietary or confidential or bears a marking of like import, or that the disclosing Party states is to be considered proprietary or confidential, or that a reasonable person would consider proprietary or confidential under the circumstances of its disclosure.

“**PSA Trailer**” means up to 30 seconds for Cinemark approved fundraising and that may contain the display of any trademark, service mark, logo or other branding of the charitable organizations sponsoring such fundraising that is exhibited in the Theatres after Showtime.

“**RCH**” has the meaning assigned to it in the recitals to this Agreement.

“**REG**” means Regal Entertainment Group or its successor or any Person that wholly owns REG, directly or indirectly, in the future.

“**Regal**” has the meaning assigned to it in the recitals to this Agreement.

“**Regal Exhibitor Agreement**” means the Amended and Restated Exhibitor Services Agreement between LLC and Regal, dated of even date herewith, as the same may be amended, supplemented or otherwise modified from time to time.

“**Renewal Term**” has the meaning assigned to it in Section 9.01(a).

“**Representatives**” has the meaning assigned to it in Section 11.01(a).

“**Restated Effective Date**” has the meaning assigned to it in the preamble of this Agreement.

“**ROFR Notice**” has the meaning assigned to it in Section 9.03(b).

“**ROFR Period**” has the meaning assigned to it in Section 9.03(a).

“**ROFR Response**” has the meaning assigned to it in Section 9.03(d).

“**ROFR Response Period**” has the meaning assigned to it in Section 9.03(d).

“**Run-Out Obligations**” has the meaning assigned to it in Section 4.08(a).

“**Second Amendment**” has the meaning assigned to it in the recitals to this Agreement.

“**Secured Parties**” means (i) the “Secured Parties” (or any analogous concept) as defined in the LLC Credit Agreement, (ii) Barclays Bank PLC (or any successor thereto), as Collateral Agent for the First-Lien Secured Parties (as defined in the Security Documents), (iii) the holders of any Notes Obligations (as defined in the Security Documents); (iv) Wells Fargo Bank, National Association (or any successor thereto), in its capacity as Trustee and authorized representative for the Senior Secured Notes and the holders of the Senior Secured Notes and (v) any other person acting in any analogous agency capacity or any other lender, noteholder or holder of secured debt, in each case in connection with any secured debt entered into or issued by LLC after the Restated Effective Date.

“**Security Documents**” means collectively, the “Security Documents” as defined in the LLC Credit Agreement and in the purchase agreement or the indenture for the Senior Secured Notes, and any amendment, modification, supplement or replacement of such Security Documents and any security documents to be entered into by LLC in connection with any LLC secured debt after the Restated Effective Date.

“**Senior Secured Notes**” means the 6.00% senior secured notes issued by LLC in April 2012, due in 2022.

“**Showtime**” means the advertised showtime for a feature film or a Digital Programming Event.

“**Software**” means the software owned by, and/or licensed to, LLC or its direct or indirect Subsidiaries and which is installed on either LLC Equipment or Cinemark Equipment and used in connection with delivery of the Digital Content Service and the Digital Carousel.

“**Special Promotions**” has the meaning assigned to it in Section 4.14.

“**Specification Documentation**” means documentation as specified herein, relating to technical specifications or other matters relating of this Agreement, that is delivered and agreed upon by the Parties on the Restated Effective Date.

“**Sponsor**” means any Person that, financially or through the provision of goods or services, supports the production, distribution, underwriting or marketing of a Digital Programming Event.

“**Sponsor Message**” means a marketing message from a Sponsor that may be exhibited under the conditions, restrictions and requirements identified herein.

“**Strategic LEN Promotions**” has the meaning assigned to it in Section 4.07(b)(ii).

“**Strategic Lobby Promotions**” has the meaning assigned to it in Section 4.07(b)(iii).

“**Strategic Programs**” has the meaning assigned to it in Section 4.07(b).

“**Strategic Relationship**” has the meaning assigned to it in Section 4.07(b).

“**Subsidiary**” means, with respect to any Person, (i) a corporation a majority of whose capital stock with the general voting power under ordinary circumstances to vote in the election of directors of such corporation (irrespective of whether or not, at the time, any other class or classes of securities shall have, or might have, voting power by reason of the happening of any contingency) is at the time beneficially owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation), including a joint venture, a general or limited partnership or a limited liability company, in which such Person, one or more Subsidiaries thereof or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, beneficially own a majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other Persons performing such functions) or act as the general partner or managing member of such other Person.

“**Supplemental Theatre Access Fee**” has the meaning assigned to it in Schedule 1.

“**Tax Receivable Agreement**” means that certain Tax Receivable Agreement by and among National CineMedia, LLC, RCH, Regal, AMC, Cinemark Media, and Cinemark, and dated as of February 13, 2007.

“**Term**” has the meaning assigned to it in Section 9.01.

“**Territory**” means the 50 states of the United States of America and the District of Columbia.

“**Theatre Access Fee**” has the meaning assigned to it in Schedule 1.

“**Theatre Advertising**” means advertisement of one or more of the following activities associated with operation of the Theatres of Cinemark or its Affiliates: (A) Concessions or Concession promotions, (B) Cinemark’s gift cards, loyalty programs and other items related to Cinemark’s business in the Theatres, (C) events or services presented by Cinemark including without limitation business meetings, church services or other events, or (D) vendors of services (other than film-related vendors or vendors for Digital Programming Events) provided to the Theatres, provided such promotion is incidental to the vendor’s service such as, but without

limitation, online or telephone ticketing or other alternative delivery sources for the same, credit cards, bank cards, charge cards, debit cards, gift cards and other consumer payment devices. Theatre Advertising includes the display of concession menus, movie listings, Showtimes and pricing information.

“**Theatre Maintenance Fee per Digital Cinema Screen**” has the meaning assigned to it in Schedule 1.

“**Theatres**” means from time-to-time, as applicable, all theatres in the Territory owned by Cinemark or an Affiliate of Cinemark or as to which Cinemark or an Affiliate of Cinemark has a controlling interest or operational control, including both Digitized Theatres and Non-Digitized Theatres, except as provided in Sections 2.02(b), 4.08 and 4.13 or as may be mutually agreed by the Parties in writing. The foregoing notwithstanding, no motion picture theatre located outside of the Territory shall be a Theatre without LLC’s prior written consent. Theatre includes all parts of the physical facilities inside a theatre building to which the public has access.

“**Third Amendment**” has the meaning assigned to it in the recitals to this Agreement.

“**Third Party Theatre Agreement**” means an agreement between LLC and a third party that gives LLC a right to provide Advertising Services with respect to the Theatres being Disposed of by a Founding Member to such third party and that meets the following minimum requirements: (i) the third party grants LLC exclusive access to and the exclusive right to provide Advertising Services with respect to the Theatres; (ii) the Third Party Theatre Agreement incorporates content standards no more restrictive than as set forth in section 4.03 of this Agreement; (iii) the fee payable by LLC to the third party for the Advertising Services does not exceed [***]% of LLC’s total revenue attributable to such Advertising Services; (iv) the term of the Third Party Theatre Agreement (excluding extensions) is for the shorter of (A) the term of the longest lease (excluding extensions) being Disposed of by the Founding Member in the transaction, or (B) [***]; (v) LLC has substantially similar penalties upon a breach of the Third Party Theatre Agreement by such third party than as set forth in this Agreement for breaches by such Founding Member; and (vi) in all other material respects, the Third Party Theatre Agreement imposes obligations upon the third party that are substantially similar to the obligations imposed upon the Founding Member in this Agreement, except that obligations arising exclusively from such Founding Member’s status as a Founding Member shall be inapplicable to the third party.

“**TMS**” means a digital cinema theatre management server.

“**Traditional Content Program**” means advertising and other promotional content which is displayed on 35 mm film prior to Showtime.

“**Trailer**” means a promotion secured by Cinemark or its designee (which retains the exclusive rights to so secure for all of its Theatres) for a feature film or other programming, other than a Digital Programming Event that is exhibited in the Theatres after Showtime.

“**Unit Adjustment Agreement**” means that certain Common Unit Adjustment Agreement dated as of February 13, 2007 among National CineMedia, LLC, RCH, Regal, AMC, Cinemark Media, and Cinemark.

“**Upgrade Request**” has the meaning assigned to it in Section 3.05.

“**Video Display Program**” means a program of digital content exhibited on Lobby Screens which is distributed by LLC through the Digital Content Network for exhibition in Digitized Theatres, and which is distributed non-digitally by some other means, including DVD, for exhibition in Non-Digitized Theatres.

ARTICLE 2

PARTICIPATION AND FEES

Section 2.01 Theatre Service Participation. From the Original Effective Date and during the Term, LLC shall provide all aspects of the Advertising Services to Cinemark and Cinemark shall exhibit and otherwise participate in such aspects of the Advertising Services, on the terms and conditions set forth herein. Subject to the provisions of Section 4.08 (Cinemark Run-Out Obligations), during the Term all Theatres will participate in the Advertising Services either as Digitized Theatres or Non-Digitized Theatres.

(a) Digitized Theatres. As of the Original Effective Date and during the Term, pursuant to the terms of Section 4.01 (Content and Distribution of the Digital Content Service and Traditional Content Program), LLC will provide the following Advertising Services to the Digitized Theatres, and all Digitized Theatres will, subject to the terms of Section 4.12 (Customer Access to Pre-Feature Program), participate in (i) the Pre-Feature Program, (ii) the Policy Trailer and (iii) the Video Display Program. Additionally, LLC may provide the Digital Carousel during the period beginning after the preceding feature film (or, in the case of the first feature film of the day, beginning after the opening of the auditorium doors for that film) until the beginning of the Pre-Feature Program and, if LLC provides the Digital Carousel, then all Digitized Theatres will, subject to the terms of Section 4.12 (Customer Access to Pre-Feature Program), participate in the Digital Carousel.

(b) Non-Digitized Theatres. As of the Original Effective Date and during the Term, pursuant to the terms of Section 4.01 (Content and Distribution of the Digital Content Service and Traditional Content Program), LLC will provide the following Advertising Services to the Non-Digitized Theatres, and all Non-Digitized Theatres will, subject to the terms of Section 4.12 (Customer Access to Pre-Feature Program), participate in (i) the Traditional Content Program, (ii) the Policy Trailer and (iii) the Video Display Program, but with respect to participation of Non-Digitized Theatre’s participation in the Video Display Program, only to the extent that a Non-Digitized Theatre has at least one Lobby Screen and has the requisite equipment necessary to participate in the Video Display Program. Additionally, LLC may provide the Digital Carousel during the period beginning after the preceding feature film (or, in the case of the first feature film of the day, beginning after the opening of the auditorium doors for that film) until the beginning of the Traditional Content Program, and, if LLC provides the Digital Carousel, then all Non-Digitized Theatres will, subject to the terms of Section 4.12

(Customer Access to Pre-Feature Program), participate in the Digital Carousel. No Non-Digitized Theatre will be obligated to participate in, nor will LLC be obligated to provide to any Non-Digitized Theatre, the Pre-Feature Program.

(c) Lobby Promotions. LLC shall provide Lobby Promotions to Theatres and Theatres shall participate in Lobby Promotions as described in Section 4.02.

(d) Modifications. The Parties agree that the rights and obligations to provide and participate in elements of the Advertising Services, as set forth immediately above, may be modified during the Term upon mutual written agreement of the Parties.

(e) Conversion of Theatres. No Digitized Theatre shall become a Non-Digitized Theatre without the mutual agreement of Cinemark and LLC. Cinemark will determine from time to time which Non-Digitized Theatres will be converted to Digitized Theatres.

(f) Rights to Transfer Theatres. The Parties agree that nothing in this Agreement is intended to, nor shall, bind or otherwise limit Cinemark's or its Affiliates' rights and abilities in its sole discretion from time to time to close, sell, acquire or otherwise transfer any interest in (including by mortgage or otherwise) any theatre.

Section 2.02 Addition of Theatres.

(a) Newbuild Theatres. Except as provided in Section 4.13 (Excluded Theatres; IMAX Screens) or as mutually agreed by the Parties in writing, any theatre in the Territory newly built by Cinemark or an Affiliate of Cinemark following the Original Effective Date ("Newbuild Theatres") shall be equipped to receive the Digital Content Service via the Digital Content Network, shall be a Digitized Theatre, and shall participate in the Digital Content Service on the terms set forth in Section 2.01. LLC agrees to provide all aspects of the Advertising Services to Newbuild Theatres on the terms and conditions set forth herein.

(b) Acquisition Theatres. Any theatre in the Territory of which Cinemark or an Affiliate of Cinemark obtains control of the advertising or promotional activities therein after the Original Effective Date (excluding any Newbuild Theatres and any Loews Theatre) shall be an "**Acquisition Theatre(s)**". Subject to Sections 4.08 and 4.13, LLC shall provide all aspects of the Advertising Services to such Acquisition Theatres and Cinemark shall cause such Acquisition Theatres to exhibit and participate in the Advertising Services on the terms and conditions set forth herein. The Parties agree that Cinemark may obtain operational control of an Acquisition Theatre but not obtain any or all rights necessary to receive or display any or all aspects of the Advertising Services or control over advertising or promotions but not over all of the foregoing, and, in such circumstances Cinemark shall use its commercially reasonable efforts to have as much of the Advertising Services received or displayed in such Acquisition Theatres as is within its control, or if not, then as reasonably practicable. The Parties agree that it may not be commercially reasonable to equip each Acquisition Theatre to receive the Digital Content Service via the Digital Content Network. Therefore, the Parties agree, subject to Sections 4.08 and 4.13, that every Acquisition Theatre that is a Digitized Theatre shall participate in the Digital Content Service via the Digital Content Network on the terms set forth in Section 2.01, but that

Cinemark retains sole discretion as to if, when and which Acquisition Theatres Cinemark converts to Digitized Theatres. Upon Cinemark's decision to convert an Acquisition Theatre to a Digitized Theatre, the Parties agree to discuss in good faith the appropriate schedule for equipping such Acquisition Theatre to receive the Digital Content Service via the Digital Content Network. Upon agreeing upon the schedule to conduct such equipping, LLC shall diligently prosecute such work until completion.

(c) Common Unit Adjustment. Any adjustment of Common Unit ownership by the Members related to Newbuild Theatres and Acquisition Theatres shall be addressed in the Unit Adjustment Agreement.

Section 2.03 Disposition of Theatres.

(a) Disposition. Cinemark shall provide LLC prompt written notice after the sale, transfer, permanent closure or other disposition of a Theatre (other than as the result of a Permitted Transfer) or the permanent loss of any Theatre lease (a "Disposition"). The decision to sell, close or otherwise dispose of any Theatre shall be in Cinemark's sole and absolute discretion. Any such Theatre shall cease to be a Theatre for all purposes under this Agreement; and, if so determined by Cinemark and agreed by LLC (which agreement shall not be unreasonably or untimely withheld), then unless LLC and the applicable third party(ies) enter into a Third Party Theatre Agreement, then the Parties will agree on a date and time at which LLC shall be permitted to enter the affected Theatre(s) and remove any LLC Property. In the event LLC fails to remove any LLC Property within the timeframe the Parties agree upon for such removal, Cinemark or such third party transferee shall have the right to remove and dispose of such LLC Property in its sole discretion; provided that any Software included in the LLC Property shall be removed and returned to LLC at LLC's expense.

(b) Common Unit Adjustment. Any adjustment of Common Unit ownership by the Members related to Disposition of Theatres shall be addressed in the Unit Adjustment Agreement.

Section 2.04 Mandatory Participation. During the Term, except as expressly provided in this Agreement, including Sections 4.01(b) (Pre-Feature Programs), 4.01(c)(ii) (Video Display Programs), 4.02(e) (Alternative Content Lobby Promotions), 4.05 (Brand; Policy Trailer; Branded Slots), 4.06(a) (Beverage Agreements), 4.07 (Other Cinemark Advertising Agreements), 4.08 (Cinemark Run-Out Obligations), 4.11(b) (Event Trailers), 4.13 (Excluded Theatres; IMAX Screens), 4.14 (Grand Openings; Popcorn Tubs; Employee Uniforms), 4.17(a) and (b) (Digital Programming Event Simulcast), 4.18 (Event Sponsorships; Sponsor Message) and Exhibit A, Cinemark shall subscribe for and LLC shall be the exclusive provider to the Theatres of the services specifically set forth in the definition of the "Advertising Services." Except as expressly provided in this Agreement, during the Term, Cinemark shall neither engage nor permit a third party (excluding third party designees of LLC as provided hereunder) to provide, or itself provide, to a Theatre any of the services specifically set forth in the definition of "Advertising Services" set forth in Exhibit A. Nothing in this Agreement shall limit or affect (i) LLC's ability to contract or enter into any relationship with any Person or entity for any product, service, or otherwise, whether or not similar to any products or services provided by LLC under this Agreement, or (ii) Cinemark's ability to contract or enter into any relationship

with any Person or entity for any product, service, or otherwise, other than the services that will be provided exclusively by LLC as set forth in this Section 2.04. All rights with respect to advertising and promotions not explicitly granted hereunder are reserved to Cinemark, including without limitation Cinemark's ability to offer and sell advertising to any third party on any website on the Internet, its telephone ticketing service or other alternative media sources used for ticketing.

Section 2.05 ESA Modification Payments; Theatre Access Fees.

(a) ESA Modification Payments.

(i) Cinemark Initial ESA Modification Payment. As of February 13, 2007, and in consideration for Cinemark's agreement to use a Theatre Access Fee calculation and payment mechanism (as described in Section 2.05(b)) in connection with LLC's utilization of the Theatres on and after the Original Effective Date of this Agreement, LLC has paid to Cinemark \$281,024,120 (such amount being the "**Cinemark Initial ESA Modification Payment**").

(ii) ESA-Related Tax Benefit Payments. After February 13, 2007, and in consideration for Cinemark's agreement to use a Theatre Access Fee calculation and payment mechanism (as described in Section 2.05(b)) in connection with LLC's utilization of the Theatres on and after the Original Effective Date of this Agreement, LLC has paid and will continue to pay any ESA-Related Tax Benefit Payments to Cinemark, pursuant to the terms of the Tax Receivable Agreement.

(iii) Adjustments. The Cinemark Initial ESA Modification Payment will be subject to contingent and ongoing adjustments, pursuant to the Unit Adjustment Agreement.

(b) Theatre Access Fees.

(i) Calculation. In consideration for utilization of the Theatres pursuant to the terms hereof, LLC shall calculate and Cinemark shall be entitled to receive a Theatre Access Fee, as set forth in Schedule 1, which shall be paid based on Cinemark's attendance for the relevant fiscal month in which LLC provides the Advertising Services and number of Digital Screens during the fiscal month in which LLC provides the Advertising Services (calculated as the average between the number of Digital Screens on the last day of the fiscal month preceding the relevant fiscal month in which LLC provides the Advertising Services and the last day of the fiscal month in which LLC provides the Advertising Services), and which shall include the amount of 4.03 Revenue allocated to Cinemark for the same fiscal month.

(ii) Payment. LLC shall pay Cinemark its Theatre Access Fees on or before the last day of LLC's fiscal month following the fiscal month in which Advertising Services are provided by LLC; provided that Cinemark has, by the fourteenth day of LLC's fiscal month following the month in which Advertising Services are provided by LLC, given LLC the data regarding attendance and number of Digital Screens necessary for LLC to calculate the Theatre Access Fee. If Cinemark has not, by the fourteenth day of LLC's fiscal month

following the month in which Advertising Services are provided by LLC, given LLC the data regarding attendance and number of Digital Screens necessary for LLC to calculate the Theatre Access Fee, the due date of the Theatre Access Fee payment shall be extended by one day for each day that Cinemark is late in providing such data. LLC shall provide Cinemark with a detailed accounting of the calculation of Theatre Access Fees pursuant to Schedule 1, which report shall accompany each such payment.

(iii) Supplemental Theatre Access Fee. If applicable, LLC shall pay Cinemark a Supplemental Theatre Access Fee, as set forth in Schedule 1, on or before the last day of LLC's fiscal month following the end of LLC's applicable fiscal year.

(iv) Theatre Maintenance Fee per Digital Cinema Screen. If applicable, LLC shall pay Cinemark the Theatre Maintenance Fee per Digital Screen, as set forth in Schedule 1, along with and at the same time as the Theatre Access Fee, beginning with the first month in which a LLC Confirmation is delivered to Cinemark.

Section 2.06 Non-Cash Consideration. Any Aggregate Advertising Revenue that LLC receives in the form of non-cash consideration shall be valued as revenue in accordance with GAAP. If LLC's value of non-cash consideration received under any arrangement exceeds \$500,000 but is not greater than \$5 million from any party in a single transaction or series of related transactions, such value shall be confirmed by National CineMedia, if it is LLC's managing member, or LLC's then managing member. If LLC's value of non-cash consideration received under any arrangement exceeds \$5 million from any party in a single transaction or series of related transactions, LLC shall engage an independent qualified appraiser to determine the fair market value of such non-cash consideration. Notwithstanding the foregoing, no confirmation or appraisal of value shall be required for LLC's acquisition of tickets from Founding Members at their published group sale price in exchange for advertising at LLC's rate card rate.

ARTICLE 3

EQUIPMENT

Section 3.01 Procurement; Cost; Specifications. The Parties agree that all Theatre-level Equipment required to exhibit and otherwise participate in the Advertising Services on the terms and conditions set forth herein has been installed in all Theatres as of the Original Effective Date. With respect to all Newbuild Theatres, Acquisition Theatres, and Theatres which are converted from Non-Digitized Theatres to Digitized Theatres or from Digitized Theatres to Non-Digitized Theatres after the Original Effective Date (collectively, the "**Future Theatres**"), LLC shall, except as provided in Section 3.03, be solely responsible for procuring any Equipment for such Theatres. LLC shall bear the cost of all Equipment for use outside the Theatres, as well as Equipment installed in the Theatres for maintenance purposes (if any) (a description of such LLC Equipment installed in the Theatres is included in the Specification Documentation; which may be amended by mutual written agreement of the Parties) and the Software. Cinemark shall reimburse LLC, at LLC's cost, for all other Equipment to be installed at or within any Future Theatres (a description of such Cinemark Equipment is included in the Specification Documentation; which may be amended by mutual written agreement of the

Parties) within thirty (30) days after (i) the installation of such Equipment by Cinemark or LLC in accordance with Section 3.04 and (ii) the delivery of invoices by LLC to Cinemark supporting the expenses for which reimbursement is sought. All Theatre-level operational costs associated with Cinemark's use of Equipment located in the Theatres, such as the cost of electricity, shall be borne exclusively by Cinemark. LLC shall assure that the Equipment purchased by LLC satisfies Cinemark's specifications for such equipment, including the communication interface between LLC Equipment and Cinemark Equipment.

Section 3.02 Ownership of Equipment. As between the Parties, each Party will own the Equipment it pays for or reimburses the other Party for, whether pursuant to Section 3.01 or Section 3.03. To the extent possible, LLC agrees to assign to Cinemark any manufacturer warranties applicable to Cinemark Equipment procured by LLC pursuant to Section 3.01. If for any reason the aforementioned warranties are not assignable, upon written request of Cinemark, LLC shall use commercially reasonable efforts to enforce the warranties on behalf of Cinemark. Notwithstanding anything to the contrary herein, any LLC Equipment placed or installed in a Theatre for maintenance purposes may, upon termination of this Agreement or deletion of a particular Theatre as provided herein, as applicable, be removed by LLC and held for its sole benefit.

Section 3.03 Cinemark Equipment. Cinemark shall be permitted to furnish any of the Equipment, at its sole cost and expense, upon consultation with LLC, and provided such Equipment satisfies LLC's specifications for such Equipment (including compatibility with the Digital Content Network). LLC agrees to cooperate with Cinemark in good faith to permit the procurement by Cinemark of Equipment in lieu of procurement of such Equipment by LLC and reimbursement by Cinemark pursuant to Section 3.01.

Section 3.04 Installation.

(a) Performance. Cinemark and/or its subcontractors shall be solely responsible for the installation of all Equipment purchased pursuant to Section 3.01 or Section 3.03, as well as for ancillary services such as reporting, software integration and system cutover; provided, however, that Cinemark may elect to have LLC perform such services, and LLC shall then assume the responsibility for installation of all Equipment. If Cinemark elects for LLC to assume the responsibility for installation of all Equipment, (i) Cinemark shall reimburse LLC for the cost of installing Cinemark Equipment as set forth in the Specification Documentation, (ii) LLC will not issue invoices for any Equipment cost, or installation services related to such Equipment until the completion of such installation services, and (iii) LLC shall ensure that Equipment installed pursuant to this section is made functional in accordance with any installation rollout schedule agreed to by the Parties, as may be amended from time to time upon mutual agreement of the Parties or as circumstances warrant.

(b) Consultation; Landline. The Parties agree to consult with each other with respect to any modifications to Theatre premises necessary for receipt of the Advertising Services. LLC shall use commercially reasonable efforts to limit the size and number of satellite dishes that are required as part of the Equipment. Cinemark shall be solely responsible for obtaining any consents required for the installation or use of any Equipment at any Theatre, including without limitation governmental and landlord consents, provided LLC reasonably

cooperates with Cinemark at Cinemark's request in obtaining such consents. If Cinemark cannot obtain consent to installation of a satellite dish at a Theatre because of technical, landlord or legal restrictions, Cinemark and LLC shall work together in good faith to establish a landline connection to such location for the Digital Content Network. All costs of the landline connection, which shall be maintained with sufficient bandwidth for delivery of the Digital Content Service, shall be borne by LLC with respect to delivery of content from LLC to Cinemark's wide area network and by Cinemark with respect to delivery of content from Cinemark's wide area network to the applicable Theatres.

(c) **Coordination.** All installation, maintenance and other services provided by LLC to the Theatres hereunder shall be performed in a manner reasonably expected not to disrupt Cinemark's operations and, except where no practical alternative exists, shall be provided outside of Theatre business hours, as mutually determined by the Parties in their reasonable discretion. Subject to the preceding sentence and upon advance written notice, LLC and its vendors or subcontractors shall be provided reasonable access to the Theatres and such other support services as reasonably required to install and inspect the Equipment, for such fees as provided in the Specification Documentation, and otherwise as required to perform LLC's obligations under this Agreement. In addition to the foregoing, and with respect to the installation of Equipment in Newbuild Theatres only, LLC agrees (i) to cooperate with Cinemark in coordinating the installation of Equipment with the construction schedule for such Newbuild Theatres, and (ii) to consult with Cinemark prior to subcontracting the performance of Equipment installation so as to permit a determination of whether Cinemark might itself perform such Equipment installation.

Section 3.05 Upgrades and Modifications. In order to ensure compatibility with, and optimum performance and robustness of, the Digital Content Network and the LLC Equipment (including hardware and software), LLC reserves the right to request of Cinemark the replacement, upgrade or modification of any Cinemark Equipment installed at any Theatre or the assistance with an upgrade to Software on Cinemark Equipment; provided that such requests are equally and timely communicated to each of Cinemark, AMC and Regal (the "**Upgrade Request**"). In the event of an Upgrade Request, LLC shall provide Cinemark as much written notice as is reasonably practicable under the circumstances, but in no event less than ten (10) business days written notice. LLC and Cinemark will negotiate with each other in good faith on the terms of any Upgrade Requests, including cost sharing terms, if any. If LLC and Cinemark are not able to come to agreement about an Upgrade Request, LLC may elect to pay for the replacements, upgrades or modifications contained in the Upgrade Request including all reasonable incidental and incremental costs to Cinemark, and Cinemark shall be obligated to permit LLC to perform all necessary work to fulfill the Upgrade Request, provided (i) there is no additional unreimbursed cost to it to accept such replacement, upgrade or modification and (ii) that such replacement, upgrade or modification does not unreasonably interfere with Cinemark's theatre operations and does not include any replacement, upgrade or modification of Cinemark software without Cinemark's express prior written consent. LLC agrees that, to the extent practicable, it will develop a system that seeks to minimize the need to enter the Theatres in order to update the Software.

Section 3.06 Conversion of Theatres to Digital Cinema Equipment.

(a) Conversion of Digitized Theatres. During the Term and at its sole option, Cinemark may choose to install a Projection System in one or more auditoriums in any Digitized Theatre. As between Cinemark and LLC, Cinemark will be responsible for purchasing, installing and maintaining the Projection Systems selected by Cinemark. After the installation of a Projection System in an auditorium in a Digitized Theatres, Cinemark, at its sole option, may elect to convert the manner in which the Advertising Services are exhibited in such auditorium from the existing Low Resolution Projection System to either a Dual Interface Architecture or the ACE Solution. Upon such conversion, such Projection Systems shall constitute Cinemark Equipment under this Agreement (the “**Digital Cinema Equipment**”), including, but not limited to, the Equipment set forth on Schedule A. During such conversion, Cinemark shall be responsible for connecting the Equipment, including LLC Equipment, to the Cinemark Equipment in a functional manner as mutually agreed by Cinemark and LLC. LLC shall be responsible for providing specifications and process instructions to Cinemark for such connectivity in advance of the scheduled conversion; provided that such specifications and process instructions shall not require Cinemark to acquire any additional equipment or software in order to effectuate such connectivity unless such additional equipment or software is purchased by LLC and does not render such Digital Cinema Equipment not DCI Spec Compliant. Once LLC receives notice from Cinemark that a Projection System has been installed in a given auditorium and that Cinemark has elected to convert the Advertising Services to such Projection System, LLC and Cinemark shall have the responsibility to jointly test such conversion to ensure that the Digital Cinema Equipment is operational to provide the Advertising Services. LLC and Cinemark hereby agree that the Auditoriums listed on Schedule 3.06(a) have Digital Cinema Equipment operational to provide Advertising Services as of October 1, 2010. If the conversion is operational to provide the Advertising Services, LLC shall notify Cinemark in writing (the “**LLC Confirmation**”). If the conversion is not operational to provide the Advertising Services, LLC and Cinemark shall cooperate to make the system operational to provide the Advertising Services. The Parties agree that LLC shall have 60 days, which shall include all testing, following receipt of notice from Cinemark that a Projection System has been installed and is capable of receiving the Advertising Services in a given auditorium to complete the conversion in such auditorium. Until the testing of the conversion has been completed and approved, Cinemark shall not be permitted to remove the Low Resolution Projection System from such auditorium. After a conversion of an auditorium has been completed and approved, Cinemark may, in certain limited circumstances, replace the Digital Cinema Equipment with 35mm projection. In such event Cinemark shall reinstall Low Resolution Projection Systems in order to deliver the Advertising Services in such auditoriums and Cinemark will no longer be required to exhibit 3D Advertising Services in such auditoriums.

(b) Non-Digital Theatres. During the Term and at its sole option, Cinemark may choose to install a Projection System in one or more auditoriums in any Non-Digitized Theatre. As between Cinemark and LLC, Cinemark will be responsible for purchasing, installing and maintaining the Projection Systems selected by Cinemark. After the installation of a Projection System in an Auditorium in a Non-Digitized Theatre, Cinemark, at its sole option, may elect to convert such Non-Digitized Theatre to a Digitized Theatre. Upon such conversion, such Projection Systems shall constitute Digital Cinema Equipment under this Agreement. During such conversion, Cinemark shall be responsible for connecting the Equipment, including LLC Equipment, to the Cinemark Equipment in a functional manner as mutually agreed by

Cinemark and LLC. LLC shall be responsible for providing specifications and process instructions to Cinemark for such connectivity in advance of the scheduled conversion; provided that such specifications and process instructions shall not require Cinemark to acquire any additional equipment or software in order to effectuate such connectivity. Once LLC receives notice from Cinemark that a Projection System has been installed in a given auditorium and that Cinemark has elected to convert such Non-Digitized Theatre to a Digitized Theatre, LLC and Cinemark shall have the responsibility to jointly test such conversion to ensure that the Equipment is operational to provide the Advertising Services. If the conversion is operational to provide the Advertising Services, LLC shall provide Cinemark with a LLC Confirmation. If the conversion is not operational to provide the Advertising Services, LLC and Cinemark shall cooperate to make the system operational to provide the Advertising Services. The Parties agree that LLC shall have 60 days, which shall include all testing, following receipt of notice from Cinemark that a Projection System has been installed and is capable of receiving the Advertising Services in a given auditorium to complete the conversion in such auditorium. After a conversion of an auditorium has been completed and approved, Cinemark may, in certain limited circumstances, replace the Digital Cinema Equipment with 35mm projection. In such event Cinemark shall install Low Resolution Projection Systems in order to deliver the Advertising Services in such auditoriums and Cinemark will no longer be required to exhibit 3D Advertising Services in such auditoriums.

(c) Maintenance Obligations. At the time any Digital Cinema Equipment is used to deliver Advertising Services hereunder, whether using a Dual Interface Architecture or the ACE Solution, LLC shall have no further obligation to maintain the Low Resolution Projection System in that auditorium or to remove or dispose of such projection system. LLC shall continue to be responsible for maintaining the Equipment, including the LLC Equipment and any remaining Low Resolution Projection Systems in use at such Digitized Theatre, pursuant to the terms of this Agreement, as identified on Schedules 2, 3 and 4. Cinemark shall continue to be responsible for maintaining all Cinemark Equipment, including the Digital Cinema Equipment.

(d) Dual Interface Architecture or ACE Solution. Subject to the requirements and procedures set forth in Section 3.06(a) or (b) as applicable nothing in this Section 3.06 shall prohibit Cinemark from implementing either a Dual Interface Architecture or the ACE Solution or from switching from a Dual Interface Architecture to the ACE Solution or vice-versa. In addition, in certain limited circumstances, Cinemark may replace the Digital Cinema Equipment with 35mm projection in specific auditoriums and, in such circumstances, Cinemark shall reinstall Low Resolution Projection Systems in order to deliver the Advertising Services in such auditoriums on the same terms and conditions as existed prior to the initial conversion to either a Dual Interface Architecture or ACE Solution, as applicable. For any auditorium converted to the ACE Solution, LLC shall be responsible for all costs necessary to provide the Advertising Services for each Play List in the SMPTE format described in Section 4.01(a), and Cinemark will be responsible for all costs necessary to receive the Advertising Services content into Cinemark's TMS and append the digital cinema playlist to provide LLC substantially the same functionality that existed before the conversion to the ACE Solution.

(e) **Conversion Reporting.** Cinemark will provide LLC with a weekly report setting forth (i) a list of the auditoriums in each Digitized Theatre that Cinemark intends to convert the Advertising Services to Dual Interface Architecture or ACE Solution and the time frame thereof, (ii) a list of the auditoriums in each Non-Digitized Theatre that Cinemark intends to convert to auditoriums in a Digitized Theatre using a Dual Interface Architecture or ACE Solution and the time frame thereof, and (iii) a list of the auditoriums in each Theatre as to which Digital Cinema Equipment is being used for Advertising Services.

(f) **Integration.** The Parties shall cooperate in good faith during the conversion process contemplated by this Section 3.06. Once LLC receives notice from Cinemark that a Projection System has been installed in a given auditorium and Cinemark has elected to convert the Advertising Services to such Projection System, LLC shall reimburse Cinemark for incremental costs incurred by Cinemark resulting from delays by LLC in completing the integration within 60 days following receipt of notice from Cinemark that a Projection System has been installed in a given auditorium.

Section 3.07 Training. To the extent necessary, LLC and Cinemark, respectively, will provide training services to Cinemark's support staff and customer service and other employees and agents on terms as mutually agreed by the Parties in their reasonable discretion. LLC agrees that it will pay for these training services and they will be adequate to permit Cinemark to train its own employees and agents as required to perform under this Agreement. Cinemark agrees to provide training services according to any reasonable standards as may be promulgated by LLC in consultation with Cinemark. LLC agrees to provide training services, at its cost, to Cinemark's support staff and other employees with respect to any Equipment or Software upgrades or modifications prior to implementation.

Section 3.08 Equipment Maintenance Standard.

(a) **Standard; Replacement.** During the Term, the Parties shall each use their commercially reasonable efforts (i) to ensure there is no unauthorized access, loss or damage to or theft of Equipment hereunder, and (ii) to prevent piracy or other theft of Inventory exhibited through the use of such Equipment or otherwise in its possession or control. Cinemark further agrees to keep all Cinemark Equipment, including without limitation Lobby Screens, clean, and to promptly notify LLC if any Cinemark Equipment is not functioning properly. Cinemark shall promptly arrange to repair or replace any Equipment in its possession (provided the damage interferes with the delivery of the Advertising Services) that is lost, stolen, damaged or otherwise fails to function or becomes inoperable, other than because of LLC's failure to properly maintain the Equipment as set forth in Section 3.08(b).

(b) **Performance of Repair and Replacement.** Subject to the terms of this Section 3.08(b) and of Section 3.08(c) below regarding cost, the repair and replacement of Equipment shall be performed by LLC until such time as Cinemark elects to assume this responsibility by giving written notice to LLC. If Cinemark assumes this responsibility to perform replacement or repair but fails to maintain the Cinemark Equipment at a performance level substantially similar to the LLC Equipment, then LLC shall promptly provide Cinemark written notice of such failure and if such failure is not cured within 30 days, LLC shall be entitled to repair, or if repair is not reasonably possible, replace such LLC Equipment not so maintained and deduct the cost of such replacement from Cinemark's Theatre Access Fees.

(c) **Repair Costs.** So long as LLC is performing repair and replacement of Equipment, LLC shall pay the costs of repair (but not replacement, which is the responsibility of Cinemark). Notwithstanding anything to the contrary in this Section 3.08, LLC shall not be required or requested to make any expenditures that (i) would constitute a capital expenditure for LLC under GAAP or (ii) would have otherwise been payable by Cinemark's insurance provider; provided, however, LLC shall be responsible for all costs to repair or replace Equipment to the extent damaged as a result of the negligence or misconduct of LLC and/or its subcontractors.

(d) **Condition.** Subject to the foregoing, for purposes of ongoing maintenance, LLC shall keep and maintain Equipment installed in the Theatres in good condition and repair at its sole expense (with the exception of projector bulb replacement and equipment replacement, the cost of which shall be borne by Cinemark), and in a manner consistent with the Service Level Agreement set forth in the Specification Documentation and as may be reasonably amended by mutual agreement of LLC and Cinemark from time to time. The Parties agree to consult with each other on a regular basis during the Term in an attempt to reduce maintenance costs arising from redundancies in the Parties' respective service fleets. Upon advance notice to Cinemark, Cinemark shall provide LLC and/or its subcontractors reasonable access to the Equipment and such other support services as LLC and/or its subcontractors reasonably require to provide maintenance and repair services as required hereunder.

ARTICLE 4

DELIVERY OF THE ADVERTISING SERVICES

Section 4.01 Content and Distribution of the Digital Content Service and Traditional Content Program.

(a) **Distribution; Quality.** On the Original Effective Date, LLC will commence distribution of the Digital Carousel, the Digital Content Service and the Traditional Content Program to the Digitized Theatres and Non-Digitized Theatres, all as set forth above in Article 2. With respect to Digitized Theatres, content shall be distributed through the Digital Content Network, via either LLC's satellite network or by LLC's or exhibitor's landline network. Each of the Pre-Feature Program and the Video Display Program shall consist of Inventory comprising a single play list ("**Play List**"). The Play List will be refreshed during the Term when and as determined by LLC but not less frequently than 12 times per year (each a "**Flight**"). The Digital Carousel, the Digital Content Service (including the Pre-Feature Programming Schedule) and the Traditional Content Program will be substantially similar in nature, quality, and scope to the corresponding advertising, promotional and other content, as received by the Theatres immediately prior to the Original Effective Date, and will in addition be delivered pursuant to the Service Level Agreement included in the Specification Documentation, as applicable. In addition, LLC agrees that the quality of the Advertising Services delivered to each of the Founding Members will be consistent throughout the Term. If Cinemark elects to use the ACE Solution to deliver the Advertising Services which use Digital Cinema Equipment, LLC shall ensure that such Advertising Services are provided to Cinemark as specified in the SMPTE

draft, as of March 10, 2010, named Proposed 430-8, D-Cinema Operations Show Playlist (which addresses provision of show playlist and showpack by a third party to a DCI compliant TMS) and, with respect to the Digital Carousel, the Pre-Feature Program, and the Policy Trailer, in the format of the film exhibited on the Cinemark Equipment which follows the Advertising Services. Notwithstanding the foregoing, the Parties agree that from October 1, 2010 through the earlier of (i) the date that the ACE Solution has been installed with respect to 1,000 total Digital Screens (including Digital Screens operated by the other Founding Members of LLC and Network Affiliates), or (ii) December 31, 2011, LLC may deliver the Advertising Services to Theatres requiring the JPEG 2000 format via disc drives rather than via satellite.

(b) Pre-Feature Programs.

(i) Pre-Feature Program. The Pre-Feature Program shall consist of four (4) or more elements, including: (i) commercial advertising; (ii) promotions for the Cinemark brand (including the Brand and Branded Slots), Concessions sold and services used by Cinemark and other products and services in accordance with Section 4.05; (iii) interstitial content; and (iv) other entertainment programming content which, while promotional of businesses or products, shall be primarily entertaining, educational or informational in nature, rather than commercially inspired. Additionally, only to the extent required by the terms of the Alternative Content Services Agreement and subject to the limitations set forth therein, Event Sponsorships and promotions for Digital Programming Events may be included in the Pre-Feature Program.

(ii) Digital Programming Event Pre-Feature Program. Under the Alternative Content Services Agreement, LLC and Alternative Content JV agree to work together to develop and exhibit a Digital Programming Event Pre-Feature Program. Cinemark acknowledges that it is the intent of LLC and Alternative Content JV that the Digital Programming Event Pre-Feature Program shall consist of five (5) or more elements, including: (i) commercial advertising; (ii) promotions for the Cinemark brand (including the Brand and Branded Slots), Concessions sold and services used by Cinemark and other products and services in accordance with Section 4.05; (iii) interstitial content; (iv) promotional content used by Alternative Content JV to promote Digital Programming Events which may include a Sponsor Message; and (v) other entertainment programming content which, while promotional of businesses or products, shall be primarily entertaining, educational or informational in nature, rather than commercially inspired. Any Digital Programming Event Pre-Feature Program shall conclude at Showtime for the Digital Programming Event in order to permit Alternative Content JV and/or Cinemark opportunities to exhibit Event Trailers or Trailers. Any Digital Programming Event Pre-Feature Program will be programmed, to the extent commercially reasonable, to cater to the demographic of the audience of the related Digital Programming Event. Cinemark acknowledges and agrees that as of the Restated Effective Date, it is not commercially reasonable to deliver Digital Programming Event Pre-Feature Programs that are customized for the Cinemark Brand or that cater to the demographic of the audience of the related Digital Programming Event. Any advertising, promotion, marketing or other services set forth in the definition of the "Advertising Services" contained in the Digital Programming Event Pre-Feature Program and exhibited by Cinemark at the direction of LLC or Alternative Content JV shall be expressly permitted by LLC hereunder notwithstanding the provisions of Section 2.04 hereof.

(iii) LLC shall have no liability of any kind under this Agreement for any content provided by Alternative Content JV.

(c) Video Display Program. The elements of the Video Display Program shall be, generally, the same as those for the Pre-Feature Program, and will include the Brand and the Branded Slots. LLC specifically agrees that the Video Display Program will contain only material that has received, or had it been rated would have received, an MPAA “G” or “PG” rating. In addition, LLC shall not restrict the sale of Inventory from the Video Display Program for promotions of feature films. Lobby Screens displaying the Video Display Program shall be located in areas of Theatres of LLC’s choosing (subject to Cinemark’s reasonable operational constraints and provided relocation of existing Lobby Screens is not required). Cinemark is obligated to provide at least one Lobby Screen per Digitized Theatre with ten or fewer screens, two Lobby Screens per Digitized Theatre with eleven to twenty screens and three Lobby Screens per Digitized Theatre with more than twenty screens; provided, however, that Cinemark shall have no obligation to increase the number of Lobby Screens in any Theatre that has at least one Lobby Screen that is capable of receiving the Video Display Program as of the Original Effective Date. When a Theatre has more than the minimum number of Lobby Screens required, Cinemark may, at its discretion, elect to display on such excess Lobby Screens (i) the Video Display Program or (ii) internal programming (including promotion of Cinemark’s internal business or promotion of Digital Programming Events) that does not include third-party advertising and/or third-party mentions for products and services (other than Theatre Advertising or Sponsor Messages in connection with Event Sponsorships); provided, however, Cinemark shall provide at least 30 days advance notice prior to an initial election of either (i) or (ii) in any such Theatre, and at least 60 days advance notice prior to any subsequent change in election.

Section 4.02 Lobby Promotions.

(a) Delivery. On the Original Effective Date, LLC will make available to the Theatres the Lobby Promotions, and Cinemark will accept such Lobby Promotions on the terms and conditions set forth herein.

(b) Guidelines; Inventory. Lobby Promotions shall satisfy the guidelines and specifications set forth herein and as may be provided by Cinemark to LLC pursuant to Section 4.02(c). The Inventory of Lobby Promotions for each Theatre that Cinemark covenants to display pursuant to this Agreement is set forth in Exhibit A-1. LLC may provide additional Lobby Promotions (“**Additional Lobby Promotions**”), subject to approval by Cinemark. LLC will take all other actions necessary and prudent to ensure the delivery of Lobby Promotions as required under the terms hereof. LLC will inform Cinemark of the length of time that Lobby Promotions and Additional Lobby Promotions are to be displayed.

(c) Standards and Specifications. LLC covenants and agrees that Lobby Promotions provided pursuant to this Agreement will conform to all standards and specifications of which Cinemark provides LLC reasonable notice during the Term, including without limitation standards and specifications with respect to manufacturers and suppliers, sizing (e.g., cup and popcorn tub sizing), timing of delivery of concession supplies to Theatres, reimbursement of incremental costs (e.g.,

cups, floor mats, plates) and the like. LLC further covenants that the Lobby Promotions will not diminish or tarnish the reputation of Cinemark or unreasonably disrupt Theatre operations, including, without limitation, traffic flow or noise level, each as determined in Cinemark's reasonable discretion, and that Lobby Promotions will comply with the content standards set forth in Section 4.03. LLC specifically agrees (i) that Lobby Promotions will contain only material that has received, or had it been rated would have received, an MPAA "G" or "PG" rating, (ii) that the only type of sampling that will be permitted is exit sampling, (iii) to refrain from distributing chewing gum as part of any Lobby Promotion, other than attended sampling as patrons are exiting the Theatre, (iv) not to permit a Lobby Promotion that would distribute or sample any item that is the same as or substantially similar to any item sold at the Theatre's concession stand and (v) not to permit a Lobby Promotion involving fund raising on Theatre property.

(d) Costs. LLC will be responsible for all costs and expenses associated with sourcing, production, delivery and execution of Lobby Promotions to the Theatres, including incremental costs actually incurred by the Theatres in connection with Lobby Promotions. In its discretion, Cinemark may make employees available to assist in Lobby Promotions requiring exit sampling; provided that LLC shall reimburse Cinemark for the employees' time used to conduct the exit sampling at their customary wage.

(e) Alternative Content Lobby Promotions. To the extent that Cinemark provides Alternative Content JV with the right to use certain Inventory of Lobby Promotions to promote Digital Programming Events, Cinemark may display such promotions at the direction of Alternative Content JV notwithstanding the provisions of Section 2.04 hereof, provided that such promotions are limited to a Sponsor Message in connection with an Event Sponsorship.

Section 4.03 Content Standards. The Parties agree that (unless mutually agreed by the Parties with respect to clauses (i), (iii), (iv), (v) or (vi)) all content within the Advertising Services will not contain content or other material that: (i) has received, or had it been rated would have received, an MPAA "X" or "NC-17" rating (or the equivalent), (ii) promotes illegal activity, (iii) promotes the use of tobacco, sexual aids, birth control, firearms, weapons or similar products; (iv) promotes alcohol, except prior to "R"-rated films in the auditorium; (v) constitutes religious advertising (except on a local basis, exhibiting time and location for local church services); (vi) constitutes political advertising or promotes gambling; (vii) promotes theatres, theatre circuits or other entities that are competitive with Cinemark or LLC; (viii) would violate any of Cinemark's Beverage Agreements or the exclusive contractual relationships identified in the Specification Documentation (including renewals and extensions of the foregoing, but excluding any amendments or modifications thereto as such relate to such content standards) and any subsequent exclusive arrangement entered into by LLC with respect to the Theatres; or (ix) otherwise reflects negatively on Cinemark or adversely affects Cinemark's attendance as determined in Cinemark's reasonable discretion. Cinemark may, without liability, breach or otherwise, prevent and/or take any other actions with respect to the use or distribution of content that violates the foregoing standards; provided, that with respect to Section 4.03(ix), Cinemark may opt out of such content in the Advertising Services only with respect to Theatres in the geographic locations identified, which may include all of Cinemark's Theatres. If the Digital Content Service contains any content that violates the foregoing standards, LLC must remove such content as soon as reasonably practical, but no later than within 24 hours of Cinemark notifying LLC of such violation. If LLC fails to remove such content within such 24-hour period, Cinemark may discontinue the Digital

Content Service in such auditoriums where such content is shown until the violating content is removed and shall have no liability for such discontinuation. If any other elements of the Advertising Services contain any content that violates the foregoing standards, LLC shall at Cinemark's request, or Cinemark acting on its own behalf may, upon giving written notice to LLC, remove such content immediately. If any Founding Member opts out of any Lobby Promotion or other advertising pursuant to Section 4.03(viii) or (ix) of this Agreement, the AMC Exhibitor Agreement or the Cinemark Exhibitor Agreement (as applicable) or out of any Video Display Program because of lack of equipment to display such content, or if any Founding Member does not agree to exhibit any content of the Advertising Services subject to Section 4.03(i), (iii), (iv), (v) or (vi), then LLC shall apply any revenue it is entitled to receive from such Advertising Services ("**4.03 Revenue**") to adjust payments of the Theatre Access Fee as set forth in Schedule 1.

Section 4.04 Development of the Advertising Services. All operational costs associated with LLC's procurement, preparation and delivery of the Advertising Services (including Inventory and other promotional materials as provided herein) to the Theatres shall be borne exclusively by LLC. Except as provided herein, all in-Theatre operational costs associated with Cinemark's receipt and exhibition of the Advertising Services within the Theatres shall be borne exclusively by Cinemark; provided that, upon prior written notice to and consultation with LLC, LLC shall reimburse Cinemark for its reasonable incremental out-of-pocket third party costs incurred in connection with receipt and exhibition of the Advertising Services within the Theatres. Any excess on-screen Inventory which may be made available to Cinemark in LLC's discretion pursuant to Section 5.03 or otherwise, and any other on-screen Inventory provided by Cinemark pursuant to Section 4.05, will be subject to both Parties' review and approval, which will not be unreasonably withheld. LLC will provide at its own expense all creative and post-production services necessary to ingest, encode and otherwise prepare for distribution all other on-screen Inventory as part of the Digital Content Service. All on-screen Inventory provided by Cinemark for inclusion in the Digital Content Service must (i) be submitted to LLC for review for compliance with (ii) and (iii) below as LLC may reasonably request, but in any event at least twenty (20) business days before scheduled exhibition (unless otherwise previously approved by LLC), (ii) satisfy the content restrictions enumerated in Section 4.03(i) through (vii) hereof, and (iii) be fully produced in accordance with LLC's technical specifications as promulgated by LLC from time to time (all as provided in written or electronic form to Cinemark in a reasonable time period prior to implementation, including any amendments thereto; and which are equally applied to all exhibitors), ready for exhibition, as well as in accordance with applicable LLC commercial standards and operating policies, and all applicable federal, state and local laws and regulations. LLC must reject or approve all Inventory provided by Cinemark within five (5) business days. Any such Inventory provided by Cinemark and not rejected within such time frame shall be deemed approved and incorporated into the Advertising Services. Any Inventory provided by Cinemark for review and approval by LLC need not, once approved by LLC, be resubmitted by Cinemark for approval in connection with any future use.

Section 4.05 Brand; Policy Trailer; Branded Slots.

(a) **Branded Content.** LLC agrees to create, in conjunction with and subject to Cinemark's prior approval, a Cinemark brand identity (the "**Brand**") that will surround, or "house," the Digital Content Service and include interstitial messaging ("bridges and bumps"), throughout the Play List and in the Policy Trailer, to reinforce the Brand. The interstitial messaging shall include a Pre-Feature Program introduction and close containing content branded with the Cinemark Marks. The close shall also include content branded with the marks of Cinemark's beverage concessionaire. The Brand and the Branded Slots shall not contain the display of any trademark, service mark, logo or other branding of a film, film studio(s), distributor(s), or production company(ies). In addition to the interstitial messaging, the Digital Content Service will feature (i) up to two (2) minutes for the promotion of Cinemark's internal business and/or promotional materials for Digital Programming Events (the "**Branded Slots**") in each Play List, (ii) the Policy Trailer, to be created by LLC at the direction of Cinemark as part of the Creative Services and (iii) any other content as may be agreed between Cinemark and LLC. The Parties hereby acknowledge that Cinemark has the right to exhibit the PSA Trailer after Showtime.

(b) **Policy Trailer.** The policy trailer will be (i) up to 60 seconds, (ii) exhibited in the Theatres after Showtime, and (iii) used to feature content relating to Theatre policy and operations, and may include (w) a policy service announcement that promotes appropriate theatre behavior, (x) promotions of Cinemark Concessions, (y) the display of any trademark, service mark, logo or other branding of a film studio(s), distributor(s), or production company(ies) and (z) upon prior written approval of Cinemark, other promotional materials of third-party products for which LLC sells advertising and is paid a fee (the "**Policy Trailer**").

(c) **Branded Slot.** Each Branded Slot may only exhibit Theatre Advertising and/or Sponsor Messages in connection with Event Sponsorships. LLC is required to include no less than forty-five (45) seconds of Branded Slots within the final fifteen (15) minutes of the Play List, fifteen (15) seconds of which shall be included within the final eleven (11) minutes of the Play List; provided, that LLC may begin these Branded Slots up to one minute earlier when LLC expands the amount of advertising units that follow these Branded Slots through the sale of additional advertising to third parties. LLC shall not exhibit any advertising relating to LLC after Cinemark's Branded Slot placement referred to in this Section 4.05(c).

(d) **Restrictions.** Other than as permitted in Sections 4.05(a), (b), (c) or Section 4.07, none of the Brand, the Policy Trailer or the Branded Slots will include third-party advertising and/or third-party mentions for products and services, without LLC's prior written approval; provided that a Branded Slot promoting a Digital Programming Event may include a Sponsor Message.

(e) **Creative Services.** The Brand messaging, Policy Trailer and Branded Slots may be created and edited by LLC as part of the Creative Services, in consultation with Cinemark, subject to final, mutual agreement of the Parties. LLC will provide Cinemark with up to 1,000 hours of Creative Services annually at no cost for Brand development, Policy Trailers and Branded Slots exhibiting Theatre Advertising. Time spent on Creative Services exceeding the initial 1,000 hours shall be determined as described in Exhibit B. Cinemark may use other vendors for creative services at Cinemark's cost and subject to LLC's production standards.

(f) Traditional Content Program. The Traditional Content Program in Non-Digitized Theatres will contain, at a minimum, promotions for Cinemark's beverage and other Concessions.

Section 4.06 Beverage and Legacy Agreements.

(a) Beverage Agreements. LLC shall, through the expiration or other termination of Cinemark's Beverage Agreement in effect on the Restated Effective Date, display or exhibit, as applicable, as part of the Advertising Services, advertising Inventory meeting any and all specifications and requirements prescribed by the Beverage Agreement, including format, length (not to be longer than ninety (90) seconds), and placement within the Play List, as set forth in the Specification Documentation, with compliance by LLC to be within a reasonable time after such specifications are communicated from time-to-time by Cinemark to LLC in a written notice. In consideration for the advertising pursuant to the Beverage Agreement, Cinemark agrees to pay LLC at the advertising rates set forth on Exhibit B (the "**Beverage Agreement Advertising Rate**"). The Beverage Agreement Advertising Rate shall be paid on or before the last day of LLC's fiscal month following LLC's fiscal month in which the Advertising Services related to the Beverage Agreement were provided. Beginning after Cinemark's Beverage Agreement in effect on the Restated Effective Date expires or otherwise terminates through the end of the Term, Cinemark shall have the right to have included in the Advertising Services advertising Inventory for its beverage concessionaires at the then current Beverage Agreement Advertising Rate; provided that Cinemark (i) keeps LLC apprised of the status of negotiations with the beverage vendor (including likelihood of reaching agreement, advertising length and placement required), from the time such negotiations begin until an agreement is signed, and (ii) provides LLC notice (including advertising length and placement required) within two (2) business days after the date that Cinemark and its beverage concessionaire agree on terms for a new Beverage Agreement. Cinemark shall be permitted to prescribe the length and placement within the Play List of on-screen Inventory based on the requirements of the Beverage Agreements which may then be in effect between Cinemark and such then-applicable beverage concessionaires; provided that such Inventory shall not exceed ninety (90) seconds in length for all such Beverage Agreements. Cinemark-redacted and/or Cinemark-selected (by disclosure or summary) contents of the Beverage Agreement shall only be disclosed as, and to the extent, required pursuant to this Agreement, provided such disclosure would not violate the terms of such Beverage Agreement.

(b) Cinemark Legacy Agreements.

(i) Listing. The Specification Documentation sets forth a list of the Cinemark Legacy Agreements, including the identity of each advertiser. On the Original Effective Date, Cinemark shall assign all rights and obligations arising from or out of each Cinemark Legacy Agreement to LLC.

(ii) Non-Assignable Legacy Agreements. This Agreement shall not constitute an assignment or transfer, or an attempted assignment or transfer, of any Cinemark Legacy Agreement, if and to the extent such agreement is a "**Non-Assignable Legacy Agreement**," meaning that the assignment or transfer of such Cinemark Legacy Agreement would constitute a breach of the terms of such Cinemark Legacy Agreement. Cinemark and

LLC shall use commercially reasonable efforts to obtain a waiver to assignment of any Non-Assignable Legacy Agreement and in the meantime Cinemark shall pay to LLC all proceeds from any Legacy Agreement. To the extent that any waiver referred to in this Section 4.06(b)(ii) is not obtained by Cinemark, Cinemark shall also use commercially reasonable efforts to, at the request of LLC, enforce for the account of LLC any right of Cinemark arising from any Non-Assignable Legacy Agreement. LLC shall perform the obligations of Cinemark under or in connection with any Non-Assignable Legacy Agreement, except to the extent that LLC is not provided the benefits thereof in any material respect pursuant to this Section 4.06(b)(ii).

Section 4.07 Other Cinemark Advertising Agreements.

(a) Theatre Advertising. In addition to advertising Inventory referenced above in Sections 4.05 and 4.06, Cinemark may purchase, on an arm's length basis and subject to availability, as part of the Advertising Services, advertising Inventory for Theatre Advertising and to promote Digital Programming Events. Cinemark shall pay for Advertising Services pursuant to this Section 4.07(a) on or before the last day of LLC's fiscal month following LLC's fiscal month in which the Advertising Services were provided.

(b) Non-Theatre Advertising. Cinemark may enter into a cross-marketing arrangement designed to (i) promote the Theatres and the movie-going experience with a local, regional or nationally-known vendor of products or services that are not of the type described in Theatre Advertising or (ii) promote Digital Programming Events, in either case, for the purpose of generating increased attendance at the Theatres or increased revenue for Cinemark (other than revenue from any Advertising Services) (the "**Strategic Relationship**") with advertising of such products or services being presented in the Theatres (either in the Video Display Program or in Lobby Promotions) ("**Strategic Programs**"), subject to the terms set forth in this Section 4.07(b). Strategic Programs may not be made on an exclusive basis. Strategic Programs entered into in connection with a Digital Programming Event shall not include any third-party advertising, trademarks, service marks, logos or other branding and/or third-party mentions for products and services except for a Sponsor Message. Cinemark covenants that it shall not re-sell any Advertising Services, including those received in connection with Strategic Programs. Strategic Programs shall be subject to the following limitations:

(i) Strategic Programs. Cinemark may conduct at no cost with respect to any Strategic Programs no more than (A) two (2) local or regional promotions per Flight per Theatre and (B) four (4) national promotions per year; provided, however, that no more than one national promotion may run at any time (the "**Client Limitation**"). By means of illustration, the Client Limitation for national promotions are not limited to a Flight, accordingly, one national promotion may run for twelve months, two national promotions may run for six months each provided that they do not run at the same time, four national promotions may run for three months each provided that they do not run at the same time, or another combination of national promotions may be used if there are no more than four promotions within a twelve-month period. For purposes of this Section 4.07(b), each continuously running promotion is counted as one promotion, regardless of whether such promotion is displayed using only one element (e.g., Lobby Screens) or displayed in an integrated basis using multiple elements (e.g., Lobby Screens and Lobby Promotions). Additionally, for purposes of this Section 4.07(b), a local or regional promotion is a promotion that is exhibited in Theatres located within one or two contiguous

Designated Marketing Areas (as defined by the term DMA®, a registered trademark of Nielsen Marketing Research, Inc.), and a national promotion is a promotion that is exhibited in Theatres located within two (other than two contiguous) or more Designated Marketing Areas.

(ii) Strategic LEN Promotions. With respect to Strategic Programs in the Video Display Program (“**Strategic LEN Promotions**”), Cinemark may utilize at no cost up to one minute of time for its Strategic Programs per every thirty (30) minutes of the Video Display Program advertising. Cinemark may purchase an additional one minute for every thirty (30) minutes of the Video Display Program advertising for use in Strategic Programs at the applicable rate card rate for third-party advertising established by LLC for such Video Display Program advertising inventory. Any purchase of time for Strategic LEN Promotions in excess of the two minutes described above or any utilization of Strategic LEN Promotions in excess of the Client Limitation may be obtained at rate card rates and subject to availability, only with prior written consent of LLC, acting in its sole discretion. Strategic LEN Promotions may not be displayed on any Lobby Screens that, pursuant to Section 4.01(c), are displaying internal programming of Cinemark and may not be made to promote any film, film studio(s), distributor(s) or production company(ies).

(iii) Strategic Lobby Promotions. With respect to Strategic Programs through Lobby Promotions (“**Strategic Lobby Promotions**”), Cinemark may utilize only such type and number of Inventory that is available to LLC in the applicable Theatre(s) on a pre-approved basis; provided, however, vehicle/motorcycle displays and floor mats will not be available for use in Strategic Lobby Promotions. Cinemark may purchase an additional amount of Inventory in excess of the Strategic Lobby Promotions described above or in excess of the Client Limitation at rate card rates and subject to availability, only with prior written consent of LLC, acting in its sole discretion.

Section 4.08 Cinemark Run-Out Obligations.

(a) Encumbered Theatres. Cinemark agrees to provide LLC written notice as much in advance as is reasonably practicable under the circumstances of, and to furnish LLC true and correct copies (reasonably redacted by Cinemark and subject to confidentiality) of all documentation evidencing, all valid, pre-existing contractual obligations (the “**Run-Out Obligations**”) relating to any of the advertising, promotional and event activities and services in any Acquisition Theatres (collectively, the “**Encumbered Theatres**”); provided such disclosure does not violate the terms of any such agreements.

(i) No Run-Out Obligations. Agreements with advertisers that purchase advertising are Legacy Agreements and do not create Run-Out Obligations. Cinemark shall, effective upon acquisition of the Acquisition Theatre, terminate any agreements between Cinemark and an Affiliate relating to advertising, promotional and event activities and services in any Acquisition Theatre, so that any such agreements do not create Run-Out Obligations.

(ii) Run-Out Obligations. Cinemark and/or its Affiliates (as applicable) shall be permitted to abide by the terms of the Run-Out Obligations; however, Cinemark agrees, subject to legal constraints (if any), to use commercially reasonable efforts to obtain the termination of such Run-Out Obligations, including without limitation neither

extending nor renewing such Run-Out Obligations (provided that Cinemark shall have no obligation to make any payment in connection with obtaining the termination of such Run-Out Obligations). Cinemark further agrees not to enter into any new agreement with any third party with respect to any Encumbered Theatre, or amend or modify any Run-Out Obligation, to the extent such agreement, amendment or modification would be inconsistent with the rights of LLC under Section 2.04 or have the effect of any extension. Prior to the expiration of the Run-Out Obligations, each Encumbered Theatre may, upon the mutual agreement of LLC and Cinemark, become a Theatre with respect to some or all of the Advertising Services, provided such election does not create a default under any Run-Out Obligation. In any event, except in accordance with Section 4.13 (Excluded Theatres; IMAX Screens) or as may be mutually agreed by the Parties in writing, each Encumbered Theatre shall automatically become a Theatre, for all purposes hereof, no later than the expiration of the Run-Out Obligations with respect to such Encumbered Theatre.

(b) Exclusive Run-Out Obligations. With respect to each Advertising Service for which the third party to the Run-Out Obligations has exclusive rights as a service provider, if Cinemark has provided LLC with written notice of Cinemark's intent to receive additional equity in LLC with respect to the Encumbered Theatres pursuant to the Unit Adjustment Agreement, Cinemark shall, until such Run-Out Obligations have terminated, make a quarterly Exclusivity Run-Out Payment (as defined in Schedule 1) to LLC. Any such payments shall be made on or before the last day of LLC's fiscal month following the fiscal quarter in which Cinemark receives the Advertising Services from the third party to the Run-Out Obligations.

(c) Non-Exclusive Run-Out Obligations. With respect to each Advertising Service for which the third party to the Run-Out Obligations has non-exclusive rights as a service provider, if Cinemark has provided LLC with written notice of Cinemark's intent to receive additional equity in LLC with respect to the Encumbered Theatres pursuant to the Unit Adjustment Agreement, Cinemark shall, until such Run-Out Obligations have terminated, pay LLC [***]. Any such payments shall be made on or before the last day of LLC's fiscal month following the fiscal quarter in which Cinemark receives third party payment for the Advertising Services.

(d) Beverage Agreement Advertising Rate and Encumbered Theatres. If Cinemark has provided LLC with written notice of Cinemark's intent to receive additional equity in LLC with respect to the Encumbered Theatres prior to termination of the Run-Out Obligations pursuant to the Unit Adjustment Agreement, the attendance at Encumbered Theatres shall be included in the calculation of the Beverage Agreement Advertising Rate.

Section 4.09 License. LLC hereby grants to Cinemark and its Affiliates a limited, non-exclusive, non-transferable, non-sublicenseable license in the Theatres only to receive, store, display and exhibit the Digital Content Service, the Traditional Content Program and the Digital Carousel, as applicable, on the LLC Equipment and the Cinemark Equipment solely in connection with its performance of and subject to all of the terms and conditions of this Agreement. Cinemark may not alter intentionally the Digital Content Service, the Traditional Content Program or the Digital Carousel or otherwise intentionally exhibit the Digital Content Service, the Traditional Content Program or the Digital Carousel in a manner resulting in a change to the Digital Content Service, Traditional Content Program or Digital Carousel or any

related on-screen Inventory, nor may Cinemark use or make the Digital Content Service, Traditional Content Program or Digital Carousel available for any purpose, at any location, or in any manner not specifically authorized by this Agreement, including without limitation recording, copying or duplicating the Digital Content Service, Traditional Content Service or Digital Carousel or any portion thereof. Cinemark shall at all times receive and exhibit the Digital Content Service or Traditional Content Program and Digital Carousel in accordance with such policies and procedures of LLC that are provided in advance to Cinemark and consistently applied with respect to other exhibitors from time to time. Each Party shall be solely responsible for obtaining and providing all rights, licenses, clearances and consents necessary for the use of any Inventory it sources or creates (whether or not it sources or creates such Inventory on behalf of the other Party), or that is prepared or provided by third parties on its behalf, as contemplated herein, except as may otherwise be agreed by the Parties in writing.

Section 4.10 Cooperation and Assistance. The Parties agree that the effectiveness and quality of the Advertising Services as provided by LLC are dependent on the cooperation and operational support of both Parties.

(a) **Cinemark.** Cinemark agrees that it (and each of the Theatres) shall at all times during the Term provide LLC, at Cinemark's own cost except as otherwise provided in this Agreement, with the following:

(i) internal resources and permissions as reasonably required to effectuate delivery of the Advertising Services, including without limitation projection and sound technicians and other employees to assist with LLC Equipment installation and Digital Content Service transmission;

(ii) unless unavailable, 24 (hour) by 7 (day) "real time" access via Cinemark's network assets in conformity with Cinemark's network use and security policies (provided in advance to LLC and consistently applied with respect to other Cinemark service providers) to the in-Theatre software and hardware components of the Digital Content Network, consistent with the Service Level Agreement (as set forth in the Specification Documentation), so that LLC can monitor the distribution and playback of the Advertising Services and the Parties will reasonably cooperate to ensure that corrections or changes are made as required to deliver the Advertising Services;

(iii) detailed playback information in a form, whether electronic or hard copy, and at such times as either Cinemark or LLC shall reasonably request;

(iv) prompt notification of reception, playback or other technical problems associated with receipt of the Advertising Services;

(v) the results of quality audits performed by Cinemark periodically during the Term upon LLC's request and at its direction to confirm playback compliance;

(vi) adequate opportunities to train Cinemark personnel, as provided in Section 3.07;

(vii) attendance data film-by-film, rating-by-rating and Theatre-by-Theatre for all Theatres, in an electronic form and in a format agreed by the Parties, at such times as are consistent with Cinemark's internal reporting systems but in any event at least weekly;

(viii) on a monthly, quarterly and annual basis as requested by LLC from time to time, a list of all Theatres, including (i) identification of which Theatres are Digitized Theatres, (ii) the number of total screens and digital screens at each Theatre and for all Theatres at which Advertising Services are provided, (iii) identification of any Theatres that are not equipped with at least one Lobby Screen to display the Video Display Program, (iv) attendance for screens on which Advertising Services are provided (by Theatre and in total), including separate identification of attendance for screens on which Advertising Services under the Beverage Agreement is provided (if different); (v) upon LLC's request, identification of Theatres in which Advertising Services are not provided, and the attendance and number of screens at such theatres; (vi) estimated Theatre opening and closing dates; and (vii) such other information described in the Specification Documentation, as such may be amended from time to time by mutual agreement of the Parties;

(ix) Cinemark's budgeted attendance by theatre (and by month if Cinemark budgets on a monthly basis) for the next full fiscal year once approved by Cinemark's board, and; and

(x) such other information regarding the Advertising Services as LLC may reasonably request from time to time, as Cinemark agrees to provide in its sole discretion;

(b) LLC. LLC agrees that it shall at all times during the Term provide Cinemark, at LLC's own cost except as otherwise provided in this Agreement, with the following:

(i) on a weekly basis, a report of compliance by each Digitized Theatre with on-screen advertising requirements and reasons for any noncompliance, including a report of compliance relating to the Beverage Agreement (the "**Beverage Compliance Report**");

(ii) on a weekly basis, a representative Play List of national advertising, which LLC shall make available no later than two business days prior to the day on which the Play List be implemented;

(iii) on a monthly basis, a report regarding local advertising.

(c) Confidentiality. For the avoidance of doubt, information made available subject to this Section 4.10 shall be subject to the provisions of Section 14.01 (Confidential Treatment); provided however, that LLC agrees that Cinemark shall be permitted to provide the Beverage Compliance Report to its beverage concessionaire. Cinemark agrees to be included in any compliance reporting LLC provides to its advertisers and other content providers for proof of performance.

Section 4.11 Trailers.

(a) **Trailers.** Trailers that are exhibited in the Theatres shall not include the exhibition or display of any trademark, service mark, logo or other branding of a party other than the film studio(s), distributor(s), or production company(ies); provided, however, Trailers may include incidental images of products or services which appear in the motion picture or other programming or event (e.g., product placements).

(b) **Event Trailers.** Any Event Trailer shall be limited to a promotion for an applicable Digital Programming Event and shall not include the exhibition or display of any trademark, service mark, logo or other advertising or branding other than the Alternative Content JV or the distributor(s) or production company(ies) of the Digital Programming Event. Additionally, Event Trailers may include (i) incidental images of products or services which appear in the Digital Programming Event (e.g., product placements), and (ii) Sponsor Message(s) in connection with Event Sponsorship(s). The exhibition of any Event Trailer by Cinemark at the direction of Alternative Content JV shall be expressly permitted by LLC hereunder notwithstanding the provisions of Section 2.04 hereof; provided however, that LLC shall have no liability of any kind under this Agreement for any content in an Event Trailer provided by Alternative Content JV or Cinemark.

Section 4.12 Customer Access to Pre-Feature Program. Cinemark shall use commercially reasonable efforts to provide audiences access to the Theatre auditorium for the Pre-Feature Program or Traditional Content Program not less than 20 minutes prior to Showtime.

Section 4.13 Excluded Theatres; IMAX Screens.

(a) **Excluded Theatres.** Cinemark shall have the right to designate art house and draft house theatres that for purposes of this Agreement shall be “**Excluded Theatres**”; provided, however, that the aggregate annual attendance at all such Excluded Theatres on the date of designation shall not exceed four (4) percent of the aggregate annual attendance at the Theatres. The list of Excluded Theatres identified as of the Restated Effective Date is set forth in the Specification Documentation. Cinemark shall provide written or electronic notice to LLC, in the form specified by LLC, each time there is a change in its list of Excluded Theatres. Excluded Theatres shall not be deemed Theatres for purposes of this Agreement. Excluded Theatres will not receive Advertising Services. Excluded Theatres will not be considered for purposes of the calculation of Theatre Access Fees. Notwithstanding the foregoing, Excluded Theatres will be subject to the exclusivity obligations of Cinemark, as set forth in Section 2.04 to the same extent as a Theatre hereunder. With respect to any Theatre subsequently designated as an Excluded Theatre, the parties will negotiate in good faith terms for the discontinuation of delivery of the Advertising Services to such Excluded Theatre.

(b) **IMAX Screens.** All Theatre screens dedicated to the exhibition of films using “IMAX” technology shall be deemed “**IMAX Screens.**” IMAX Screens will not receive, and Cinemark will have no duty to exhibit on any IMAX Screen, the Digital Carousel, the Pre-Feature Program or the Traditional Content Program; provided however, that Cinemark may elect to exhibit the Digital Carousel, the Pre-Feature Program or the Traditional Content Program on its IMAX Screens in its sole discretion. Notwithstanding the foregoing, all IMAX Screens will be subject to the exclusivity obligations of Cinemark, as set forth in Section 2.04 to the same extent as a Theatre hereunder. Cinemark will provide LLC prompt written or electronic notice, in the form specified by LLC, of any additions to or deletions from its list of IMAX Screens, which list as of the Restated Effective Date is provided in the Specification Documentation.

Section 4.14 Grand Openings; Popcorn Tubs; Employee Uniforms. Notwithstanding anything herein to the contrary, Cinemark shall not be prohibited from: (i) promoting the grand opening of a Theatre or an Excluded Theatre, provided such promotional activity (A) may occur only for the fourteen (14) day period immediately preceding the opening of the theatre to the general public through the fourteen (14) day period immediately following the opening of the theatre to the general public, and (B) includes local advertising of such opening in exchange for the advertising of local businesses only, provided any on-screen advertising related thereto shall be subject to availability of on-screen Inventory and limited to one (1) advertisement thirty (30) seconds in length; (ii) placing advertising promoting full-length feature films on special popcorn tubs (such as plastic or oversized containers not regularly sold by Cinemark) sold in Theatres or Excluded Theatres, provided Cinemark shall (A) provide LLC one hundred twenty (120) days prior notice of Cinemark's desire to conduct such promotion and permit LLC sixty (60) days to sell promotional advertising for such special popcorn bags/tubs, and if LLC cannot sell advertising for such special popcorn tubs within such sixty (60) day period then Cinemark shall have the right to sell such advertising, (B) be limited to two (2) such promotions in any twelve (12) month period during the Term, (C) not conduct any such promotion over a period exceeding thirty (30) days, and (D) not sell such advertising below the lowest total rate card amount received by LLC for popcorn bags; and (iii) allowing advertising for the supplier of Cinemark employee uniforms to appear on such uniforms, provided not more than two (2) individual instances of such advertising may appear on any such uniform at any one time. Cinemark will provide LLC reasonable advance written notice of any promotion under this Section 4.14 (collectively, "**Special Promotions**") and LLC will have the right to approve each such Special Promotion. LLC may not unreasonably withhold, condition or delay its approval, provided that LLC shall be permitted to withhold its approval from any such Special Promotion that is inconsistent with any exclusive obligation of LLC then in force, or otherwise interferes with the current or proposed business activities of LLC as reasonably determined by LLC. Any cash consideration paid by a third party in connection with a Special Promotion relating to any Advertising Services shall be paid to LLC.

Section 4.15 Consultation regarding Certain Advertising Agreements.

(a) **Theatre Advertising.** Prior to either Party entering into an exclusive agreement for longer than one Flight with any third party for Theatre Advertising, the contracting Party will give the other Party written notice not less than twenty (20) days in advance of the contract date, and the Parties will consult in good faith to confirm that such exclusive arrangement does not conflict with any exclusive arrangements the other Party has entered into or contemplates entering into; provided however, this notice shall not apply to entry into the Beverage Agreement by Cinemark. Notwithstanding the foregoing, if the Parties have satisfied the foregoing provisions of this Section 4.15(a) and identified a conflict of interest regarding an agreement with exclusivity, Cinemark's exclusivity interests shall prevail.

(b) **Strategic Relationships.** Cinemark shall not enter into any Strategic Relationship that conflicts with any existing or proposed exclusive advertising or promotional arrangement between LLC and a third party for which LLC has provided prior written notice,

which may be by electronic mail, to Cinemark's designated representative(s) of such existing or proposed exclusive arrangement, including the identity of the other party, the length of time, and type of category of such exclusive arrangement, and specifically in connection with a proposed exclusive arrangement the anticipated start date of such arrangement. Cinemark may enter into any Strategic Relationship that conflicts with a proposed exclusive arrangement prior to the anticipated start date of such arrangement. Further, in the event that LLC is unable to enter into a definitive agreement with respect to such proposed exclusive arrangement within sixty (60) days after such notice by LLC to Cinemark of such proposed exclusive arrangement, which notice may not be provided more than once in any twelve month period, then Cinemark shall have the right to enter into any such Strategic Relationship.

Section 4.16 3D Services.

(a) Access to Projection Systems for 3D Advertising Services. Subject to the terms and conditions of this Agreement, including, without limitation this Section 4.16, if and to the extent that Cinemark has the capability to exhibit full-length motion pictures using a Projection System in 3D in one or more auditoriums in any Digitized Theatre, LLC shall have the right to exhibit 3D Advertising Services using such Projection System in such auditoriums, in the following instances (i) after the Advertising Services have been converted to such Projection System in accordance with Section 3.06 or (ii) prior to the presentation of a 3D motion picture or other 3D content ("**3D Content**"); in either case, such 3D Advertising Services, (x) will be properly conditioned to meet the specifications of Cinemark 3D equipment providers, and (y) LLC shall pay or reimburse Cinemark for any and all third party licensing fees incurred by Cinemark related to use of the 3D equipment in conjunction with 3D Advertising Services. Notwithstanding the foregoing, to the extent such Projection System has not become Digital Cinema Equipment in accordance with Section 3.06, LLC shall be responsible for providing such 3D Advertising Services in a form and format to be reasonably requested by Cinemark. In the event that LLC requests Cinemark to ingest and play 3D Advertising on Cinemark's player, if there are incremental costs that are going to be incurred beyond Cinemark's normal operating procedures then Cinemark and LLC must meet and agree on the appropriate reimbursement to be paid by LLC to Cinemark to offset such Cinemark incremental costs necessary to accommodate LLC's request.

(b) 3D Glasses. LLC agrees that Cinemark will bear no expense with respect to 3D Glasses provided to theatre patrons to view 3D Advertising Services. In the case of 3D Advertising Services distributed prior to the presentation of 3D Content, LLC shall obtain any and all necessary consents to allow theatre patrons to use the 3D Glasses delivered to Cinemark by the provider of such 3D Content; provided that LLC shall be liable for, and, if necessary, reimburse Cinemark for, any and all costs imposed by such provider on either LLC or Cinemark for the use of 3D Glasses to view the 3D Advertising Services; provided, further, that if Cinemark agrees with such provider to purchase 3D Glasses in order to provide them to theatre patrons to view such 3D Content, then the Parties will negotiate in good faith a reasonable allocation of such costs between Cinemark and LLC, which costs shall include additional payroll or general and administrative costs incurred by Cinemark for inventory and storing such 3D Glasses for LLC. LLC will not interfere with the rights of Real D to advertise its business, products or services on storage bins for 3D Glasses, as set in the current agreement(s) between Cinemark and Real D, or between Real D and any distributor.

(c) Applicability of ESA Provisions. All provisions of this Agreement, including the revenue provisions of Article 2 and the content standards set forth in Section 4.03, will apply to any advertising on 3D Glasses, packaging for 3D Glasses and 3D Glasses recycling bins used by LLC in connection with the distribution of 3D Advertising Services. Advertising on 3D Glasses and packaging for 3D Glasses will be permitted only as approved by Cinemark in its sole and absolute discretion.

Section 4.17 Digital Programming Event Simulcast.

(a) Definition. Under the Digital Programming Exhibitor Services Agreement, Cinemark may exhibit a Digital Programming Event that is simulcast across a broadcast (or cable, including pay-per-view) network or the Internet (the “**Digital Programming Event Simulcast**”). LLC acknowledges that Digital Programming Event Simulcasts may contain third-party advertising that is provided by the provider of such Digital Programming Event Simulcast as part of such simulcast. A store-forward event shall not be a Digital Programming Event Simulcast for purposes of this Agreement.

(b) Third-Party Advertising. For clarification, to the extent that the content provider allows any third-party advertising, trademarks, service marks, logos or other branding and/or third-party mentions for products and services to be included in a Digital Programming Event Simulcast, other than that provided by the content provider, as between, Cinemark, Alternative Content JV and LLC, LLC shall have the exclusive right to provide Event Simulcast Advertising Services. LLC acknowledges that Cinemark shall require that any third-party advertising to be exhibited during a Digital Programming Event Simulcast be subject to content standards substantially similar to those contained in Section 4.03 of this Agreement. If Cinemark grants Alternative Content JV a waiver of compliance with one or more of such standards, Cinemark will give LLC written notice of such waiver at such time as the waiver is granted. LLC shall be deemed to be granted a waiver from compliance with the content standards of Section 4.03 to the same extent for sole purposes of providing Event Simulcast Advertising Services for the Digital Programming Event Simulcast to which the waiver applies. If Cinemark or any of its Affiliates receives any compensation specifically for the broadcast of third-party advertising during a Digital Programming Event Simulcast, Cinemark or such Affiliate will pay LLC [***] percent ([***]%) of such compensation. For example purposes only, the receipt of revenue from ticket sales or revenue from a content provider or a Sponsor for the purpose of hosting a Digital Programming Event Simulcast (and such revenue is not in any way attributable to the Inventory) will not be considered compensation for advertising that must be paid to LLC. The exhibition by Cinemark at the direction of Alternative Content JV of any third-party advertising provided by the content provider of a Digital Programming Event Simulcast shall be expressly permitted by LLC hereunder notwithstanding the provisions of Section 2.04 hereof.

(c) No Liability. LLC will have no liability of any kind under this Agreement for any content included in a Digital Programming Event Simulcast, unless, and only to the extent that, LLC provides Event Simulcast Advertising Services.

Section 4.18 Event Sponsorships; Sponsor Message.

(a) **Event Sponsorships.** Under the Alternative Content Services Agreement, Alternative Content JV and LLC will work together in good faith to develop and sell Event Sponsorships for Digital Programming Events. No Sponsor for an Event Sponsorship may be a theatre or theatre circuit which is a competitor of Cinemark. Any Event Sponsorship provided by LLC shall be subject to the content standards of Section 4.03 of this Agreement. LLC acknowledges that Cinemark shall require any Event Sponsorship provided by Alternative Content JV to be subject to content standards substantially similar to those contained in Section 4.03 of this Agreement. If Cinemark grants Alternative Content JV a waiver of compliance with one or more of such standards, Cinemark will give LLC written notice of such waiver at such time as the waiver is granted. LLC shall be deemed to be granted a waiver from compliance with the content standards of Section 4.03 to the same extent for purposes of the sale of advertising by LLC for such Event Sponsorship to which the waiver applies. The exhibition of third-party advertising relating to an Event Sponsorship by Cinemark at the direction of Alternative Content JV shall be expressly permitted by LLC hereunder notwithstanding the provisions of Section 2.04 hereof; provided however, that LLC shall have no liability of any kind under this Agreement for any content provided by Alternative Content JV.

(b) **Sponsor Message.** If LLC or Alternative Content JV sell an Event Sponsorship for a Digital Programming Event, no third-party advertising, trademark, service mark, logo or other advertising or branding, including any third-party mentions for products and services, may be displayed, except a Sponsor Message may be included in the Digital Programming Events Pre-Feature Program, an Event Trailer, Branded Slot, Lobby Promotion or as part of a Strategic Program, subject to the limits of Section 4.07(b). Any Sponsor Message shall be limited to (a) up to 5 seconds per Sponsor and (b) not more than 10 seconds if there is more than one Sponsor setting forth a “sponsored by” or “presented by” mention. The Sponsor Message may include Sponsor’s logo and audio announcement or mention of the Sponsor’s name, subject to the limits in the previous sentence, and may not include any references of any kind to any of the Sponsor’s products or services. Under no circumstances will any Sponsor have the right to “pass-through” any of the marketing rights in the Event Sponsorship or Strategic Program.

ARTICLE 5

SUPPORT; MAKE GOODS

Section 5.01 Software Support. LLC reserves the right to request of Cinemark and agrees to consult with Cinemark during the Term on any proposed material changes or updates to the Software. LLC shall make available to Cinemark pursuant to the terms of the license in Section 7.01 below all such updates or modifications to the Software. Unless otherwise agreed to in writing by LLC, Cinemark shall not permit any third party to perform or provide any maintenance or support services with respect to the LLC Equipment or the Software.

Section 5.02 Cooperation. Cinemark agrees to take all actions during the Term that are within its control and reasonably necessary to permit the delivery, exhibition and viewing of the Advertising Services in the Theatres on the terms and conditions set forth herein.

Section 5.03 Make Goods. In the event that any Inventory scheduled for exhibition pursuant to Sections 4.06(a), 4.06(b) or 4.07 is not exhibited as scheduled, LLC shall take such action or provide such remedy as is required pursuant to the applicable Cinemark advertising agreement, including the exhibition of “make good” Inventory sufficient to achieve the level of Inventory content impressions necessary to satisfy any contractual obligations governing the exhibition of such Inventory. Cinemark acknowledges and agrees that such contractual obligations must have been timely disclosed to LLC in writing as a condition to the exercise of the foregoing exclusive right and remedy; such obligations as of the Original Effective Date have been provided by Cinemark to LLC in a separate letter. To the extent such third-party agreement prescribed a “make good” remedy, Cinemark agrees to make its Theatres (including screens and Lobby Screens, as applicable) available for the exhibition of such “make goods,” and LLC agrees to exhibit such “make goods” consistent with any contractual obligations of Cinemark concerning the exhibition of such “make goods.” LLC reserves the right to use excess or unsold Inventory as “make goods,” remnant advertising, other revenue generating advertising, public service announcements, and the like. Notwithstanding the foregoing, LLC shall only be required to make any payment of moneys (including a refund of amounts paid by the applicable advertiser) in the event that the reason that the applicable Inventory was not exhibited or was exhibited in an incorrect position was primarily a result of actions or inactions by LLC (or its designees or assigns) and the applicable advertising agreement does not allow, or LLC otherwise does not provide, a remedy of exhibition of “make good” Inventory.

ARTICLE 6

INTENTIONALLY DELETED

ARTICLE 7

INTELLECTUAL PROPERTY

Section 7.01 Software License. Subject to the terms and conditions of this Agreement and the License Agreement, LLC hereby grants to Cinemark, and Cinemark hereby accepts, a non-exclusive, non-transferable, non-sublicenseable, limited license to install and execute the object code version of the Software solely for the limited purpose to receive, store, display and exhibit the Digital Content Service, the Traditional Content Program and the Digital Carousel, as applicable, on the LLC Equipment and the Cinemark Equipment solely in connection with its performance of and subject to all of the terms and conditions of this Agreement and only to the extent such Software is utilized by Cinemark.

Section 7.02 License of the LLC Marks.

(a) Grant. Subject to the terms and conditions of this Agreement and any guidelines or requirements provided in writing from time-to-time by LLC to Cinemark, LLC hereby grants at no additional cost to Cinemark, and Cinemark hereby accepts, a non-exclusive, non-transferable (except in connection with an assignment of this Agreement in accordance with Section 15.08 hereof), nonsublicenseable, limited license (i) to use the LLC Marks solely in connection with its participation in the Advertising Services, as approved by LLC in writing in

advance (which shall not be unreasonably or untimely withheld), and (ii) to use the LLC Marks in marketing or advertising materials (“**Marketing Materials**”) that have been approved (which shall not be unreasonably or untimely withheld) by LLC pursuant to the terms hereof, provided and to the extent LLC shall have authorized Cinemark to promote the Advertising Services. Cinemark acknowledges that LLC is and shall remain the sole owner of the LLC Marks, including the goodwill of the business symbolized thereby. Cinemark recognizes the value of the goodwill associated with the LLC Marks and acknowledges and agrees that any goodwill arising out of the use of the LLC Marks or any of them by Cinemark shall inure to the sole benefit of LLC for all purposes hereof.

(b) Approval of Use. Prior to using any Marketing Material or depicting or presenting any LLC Mark in or on any marketing or advertising material or otherwise, Cinemark shall submit a sample of such Marketing Material or other material to LLC for approval. LLC shall exercise commercially reasonable efforts to approve (which shall not be unreasonably withheld) or reject any such Marketing Material or other material submitted to it for review within five (5) business days from the date of receipt by LLC. Cinemark shall not use, publish, or distribute any Marketing Material or other material unless and until LLC has so approved it in writing. Upon receipt of such approval from LLC for a particular Marketing Material or other material, Cinemark shall not be obligated to submit to LLC substantially similar material for approval; provided, however, Cinemark shall timely furnish samples of all such material to LLC.

(c) Quality Standards. Any and all use or exercise of rights by Cinemark with respect to the LLC Marks or any other trademark, tradename, service mark or service name provided by LLC to Cinemark for use in connection with the Advertising Services shall be in accordance with standards of quality and specifications prescribed by LLC from time to time (the “**LLC Quality Standards**”) and which have been delivered to Cinemark. LLC shall have the right to change the LLC Quality Standards from time to time upon written notice to Cinemark, provided such modified LLC Quality Standards are equally and timely applied to any and all other exhibitors of the Advertising Services.

(d) Designation. Cinemark shall cause the appropriate designation “(TM)” or “(SM)” or the registration symbol “(R)” to be placed adjacent to the LLC Marks in connection with the use thereof and to indicate such additional or alternative information as LLC shall specify from time to time concerning the use by Cinemark of the LLC Marks as such is, equally and timely communicated and applied to any and all other exhibitors of the Advertising Services.

(e) Right to Suspend Use. Cinemark shall not use any LLC Mark in any manner that may reflect adversely on the image or quality symbolized by the LLC Mark, or that may be detrimental to the image or reputation of LLC. Notwithstanding anything herein to the contrary, LLC shall have the right, at its sole option, to terminate or suspend the trademark license grant provided herein if it determines that Cinemark’s use of the LLC Marks or any of them is in violation of its trademark usage guidelines or is otherwise disparaging to its image or reputation, and such use is not conformed to such guidelines and other reasonable requests of LLC within ten (10) days of receipt of written notice thereof.

(f) Use Limitations. Cinemark agrees not to use (i) any trademark or service mark which is confusingly similar to, or a colorable imitation of, any LLC Mark or any part

thereof, (ii) any trademark or service mark in combination with any LLC Mark, except in the case of the Brand as created by LLC under the terms of Section 4.05(a) or (iii) any LLC Mark in connection with or for the benefit of any product or service of any other Person or entity, except in the case of the Brand as created by LLC under the terms of Section 4.05(a). Cinemark shall not engage in any conduct which may place LLC or any LLC Mark in a negative light or context, and shall not represent that it owns or has any interest in any LLC Mark other than as expressly granted herein, nor shall it contest or assist others in contesting the title or any rights of LLC (or any other owner) in and to any LLC Mark.

(g) Treatment. With respect to all of LLC's approvals, rights and otherwise under this Section 7.02, LLC shall treat Cinemark at least as favorably with respect to each instance as it has for any other exhibitor of the Advertising Services.

Section 7.03 License of the Cinemark Marks.

(a) Grant. Subject to the terms and conditions of this Agreement, and any guidelines or requirements provided in writing from time-to-time by Cinemark to LLC, Cinemark hereby grants at no cost to LLC, and LLC hereby accepts, a non-exclusive, non-transferable (except in connection with an assignment of this Agreement in accordance with Section 15.08 hereof), nonsublicenseable, limited license (i) to use the Cinemark Marks solely in connection with its delivery of the Advertising Services, as approved (which shall not be unreasonably or untimely withheld) by Cinemark in writing in advance, and (ii) to use the Cinemark Marks in Marketing Materials that have been approved (which shall not be unreasonably or untimely withheld) by Cinemark pursuant to the terms hereof. LLC acknowledges that Cinemark is and shall remain the sole owner of the Cinemark Marks, including the goodwill of the business symbolized thereby. LLC recognizes the value of the goodwill associated with the Cinemark Marks and acknowledges and agrees that any goodwill arising out of the use of the Cinemark Marks by LLC shall inure to the sole benefit of Cinemark for all purposes hereof.

(b) Approval of Use. Prior to using any Marketing Material or depicting or presenting any Cinemark Mark in or on any marketing or advertising material or otherwise, LLC shall submit a sample of such Marketing Material or other material to Cinemark for approval. Cinemark shall exercise commercially reasonable efforts to approve (which shall not be unreasonably withheld) or reject any such Marketing Material or other material submitted to it for review within five (5) business days from the date of receipt by Cinemark LLC shall not use, publish, or distribute any Marketing Material or other material unless and until Cinemark has so approved it in writing. Upon receipt of such approval from Cinemark for a particular Marketing Material or other material, LLC shall not be obligated to submit to Cinemark substantially similar material for approval; provided, however, LLC shall timely furnish samples of all such material to Cinemark.

(c) Quality Standards. Any and all use or exercise of rights by LLC with respect to the Cinemark Marks or any other trademark, tradename, service mark or service name provided by Cinemark to LLC for use in connection with the Advertising Services shall be in accordance with standards of quality and specifications prescribed by Cinemark from time to time (the "**Cinemark Quality Standards**") and provided to LLC. Cinemark shall have the right to change the Cinemark Quality Standards from time to time upon written notice to LLC.

(d) Designation. LLC shall cause the appropriate designation “(TM)” or “(SM)” or the registration symbol “(R)” to be placed adjacent to the Cinemark Marks in connection with the use thereof and to indicate such additional or alternative information as Cinemark shall specify from time to time concerning the use by LLC of the Cinemark Marks as such is equally and timely communicated and applied to any and all other licensees of the Cinemark Marks.

(e) Right to Suspend Use. LLC shall not use any Cinemark Mark in any manner that may reflect adversely on the image or quality symbolized by the Cinemark Mark, or that may be detrimental to the image or reputation of Cinemark. Notwithstanding anything herein to the contrary, Cinemark shall have the right, at its sole option, to terminate or suspend the trademark license grant provided herein if it determines that LLC’s use of the Cinemark Marks or any of them is in violation of its trademark usage guidelines or is otherwise disparaging to its image or reputation, and such use is not conformed to such guidelines and other reasonable requests of Cinemark within ten (10) days of receipt of written notice thereof.

(f) Use Limitations. LLC agrees not to use (i) any trademark or service mark which is confusingly similar to, or a colorable imitation of, any Cinemark Mark or any part thereof, (ii) any trademark or service mark in combination with any Cinemark Mark, except for the LLC Marks as permitted under this Agreement or (iii) any Cinemark Mark in connection with or for the, benefit of any product or service of any other Person or entity, except for the LLC Marks as permitted under this Agreement. LLC shall not engage in any conduct which may place Cinemark or any Cinemark Mark in a negative light or context, and shall not represent that it owns or has any interest in any Cinemark Mark other than as expressly granted herein, nor shall it contest or assist others in contesting the title or any rights of Cinemark (or any other owner) in and to any Cinemark Mark.

Section 7.04 Status of the LLC Marks and Cinemark Marks. Without expanding the rights and licenses granted under this Agreement, the Parties acknowledge and agree that (a) the rights and licenses granted under this Agreement to use the LLC Marks and Cinemark Marks permit the use of the Cinemark Marks in combination or connection with the LLC Marks, (b) the use of the Cinemark Marks in combination or connection with the LLC Marks, whether in the Brand, Policy Trailer, Branded Slots, Marketing Materials or otherwise in connection with the participation in or delivery of the Advertising Services, will not be deemed to create a composite or combination mark consisting of the Cinemark Marks and the LLC Marks, but instead will be deemed to create and will be treated by the Parties as creating a simultaneous use of the LLC Marks and Cinemark Marks as multiple separate and distinct trademarks or service marks, (c) neither Party will claim or assert any rights in a composite mark consisting of elements of the LLC Marks and Cinemark Marks, and (d) all use of the Cinemark Marks and the LLC Marks under this Agreement will be subject to the provisions regarding the use and ownership of the Cinemark Marks and LLC Marks contained in this Agreement.

ARTICLE 8

FEES

Section 8.01 Payment. Except as otherwise provided in this Agreement (e.g., payment of the Theatre Access Fees pursuant to Section 2.05(b)), all amounts due by one Party to the other under this Agreement shall be paid in full within thirty (30) days after the receipt by the paying Party of an invoice therefor. Each Party agrees that invoices for amounts payable by the other Party will not be issued until the event triggering such payment obligation has occurred, or the condition triggering such payment obligation has been satisfied, as applicable.

Section 8.02 Administrative Fee. Cinemark may request the right to use the Digital Content Network for the delivery of any Digital Programming Events, Digital Programming Event Pre-Feature Program, Event Trailers, Trailers, PSA Trailers, meeting events or other entertainment content programming and, if such use is acceptable to LLC, Cinemark shall pay an Administrative Fee for such use as set forth in Exhibit B.

Section 8.03 Audit. Each Party shall keep and maintain accurate books and records of all matters relating to the performance of its obligations hereunder, including without limitation the sale of advertising, in accordance with generally accepted accounting principles. During the Term and for a period of one (1) year thereafter, each Party, at its sole expense, shall, upon reasonable advance written notice from the other Party, make such books and records (redacted, as applicable, to provide information relative to the Advertising Services and this Agreement) available at its offices for inspection and audit by the other Party, its employees and agents. Any audit with respect to amounts payable by either Party to the other Party under this Agreement shall be limited to an audit with respect to amounts to be paid in the current calendar year and immediately preceding calendar year only. Any period that has been audited pursuant to this section shall not be subject to any further audit. In the event an audit of the books and records of a Party reveals an underpayment to the other Party, the audited Party shall pay to the other Party the amount of such underpayment within 30 days of the completion of the audit. If such audit determines that the underage in payments paid to a Party were in the aggregate in excess of five percent (5%) of the payments owed, the Party owing the payment shall, in addition to making the payment set forth above, reimburse the Party receiving the payment for all reasonable costs, expenses and fees incurred in connection with such audit. Any disputes between the Parties relating to the calculation of amounts owed shall be referred to a mutually satisfactory independent public accounting firm that has not been employed by either Party for the two (2) year period immediately preceding the date of such referral. The determination of such firm shall be conclusive and binding on each Party, and judgment upon any such determination can be entered in any court having jurisdiction over the matter. Each Party shall bear one-half of the fees of such firm. If the Parties cannot select such accounting firm, then the selection of such accounting firm shall be made by the American Arbitration Association located in New York, New York. In addition to the foregoing audit rights of the Parties, during the Term, LLC and its authorized agents shall have the right, upon reasonable advance notice, to inspect any Cinemark premises or facilities involved in the performance of this Agreement to confirm the performance and satisfaction of Cinemark's obligations hereunder.

ARTICLE 9

TERM AND TERMINATION

Section 9.01 Term. Unless earlier terminated as provided below, the term of this Agreement shall begin on the Original Effective Date and shall continue through February 13, 2037 (the “**Initial Term**”), after which Cinemark shall have the right to renew this Agreement on the terms as set forth in this Agreement for continuous, successive five-year periods (each, a “**Renewal Term**,” and together with the Initial Term, the “**Term**”). Cinemark shall give LLC written notice of any intent to exercise its right to renew at least thirty (30) days prior to the expiration of the Initial Term and any Renewal Term. The Parties shall, for a period of six (6) months commencing eighteen (18) months before the conclusion of the Initial Term and any Renewal Term, negotiate in good faith terms, if any, on which they may agree to extend the Initial Term or any Renewal Term, and, if such agreement is reached, this Agreement shall be amended to incorporate such terms. Unless this Agreement is extended by Cinemark, this Agreement may only be extended by subsequent written agreement of the Parties. Prior to and during such six (6) month period, Cinemark shall not enter into or conduct any negotiations with any third party with respect to any service that may be competitive with the Advertising Services or any feature thereof.

Section 9.02 Termination; Defaults. Either Party may terminate this Agreement, immediately, by giving written notice of termination to the other, and without prejudice to any other rights or remedies the terminating Party may have, if:

(a) **Breach of Material Provision.** The other Party materially breaches this Agreement, other than any provision of Section 15.08, and fails to cure such breach within ninety (90) days after receipt from the terminating Party of written notice of the breach specifying in detail the nature of the breach, provided, that if such material breach cannot be cured within ninety (90) days from the notice, then the ninety-day period shall be extended as long as is reasonably necessary to cure such breach if the Party receiving notice diligently attempts to cure such breach; and provided, further, that if any such breach by Cinemark is confined to a Theatre or limited number of Theatres, LLC shall have the right in its sole discretion to terminate this Agreement only as to such Theatre or Theatres.

(b) **Breach of Anti-Assignment Provision.** The other Party materially breaches any provision of Section 15.08, and fails to cure such breach within thirty (30) business days after receipt from the terminating Party of written notice of the breach; provided, that if such breach cannot be cured within thirty (30) business days from the notice, then the period of thirty business days shall be extended as long as is reasonably necessary to cure such breach if the Party receiving notice diligently attempts to cure such breach; and provided, further, that if any such breach by Cinemark is confined to a Theatre or limited number of Theatres, LLC shall have the right in its sole discretion to terminate this Agreement only as to such Theatre or Theatres.

(c) **Injunction, Order or Decree.** Any governmental, regulatory or judicial entity of competent jurisdiction shall have issued a permanent injunction or other final order or decree which is not subject to appeal or in respect of which all time periods for appeal have expired, enjoining or otherwise preventing LLC or, Cinemark from performing, in any material respect, this Agreement.

(d) **Bankruptcy.** The dissolution, bankruptcy, insolvency or appointment of a receiver or trustee of the other Party that is not dismissed within sixty (60) days, or the other Party convenes a meeting of creditors, has a receiver appointed, ceases for any reason to carry on business or is unable to pay its debts generally.

Section 9.03 Right of First Refusal.

(a) **ROFR Period.** For a period (the “**ROFR Period**”) beginning 12 months prior to the end of the scheduled expiration of this Agreement pursuant to Section 9.01 and ending 48 months after expiration of this Agreement, Cinemark shall not enter into any agreement or arrangement with a third party (whether in writing or otherwise) (an “**Alternative Agreement**”) to receive services that were being provided by LLC to Cinemark at any time during the one-year period ending on expiration of this Agreement (“**Designated Services**”) without complying with this Section 9.03.

(b) **ROFR Notice.** Before entering into or committing to enter into an Alternative Agreement, Cinemark shall present to LLC notice (the “**ROFR Notice**”) containing a summary of all material terms and conditions of the proposed Alternative Agreement. The ROFR Notice shall state that Cinemark intends to enter into the Alternative Agreement and shall certify that there are no other direct or indirect arrangements or understandings with respect to the provision of the Designated Services that have not been disclosed to LLC.

(c) **Information Request.** Cinemark shall provide LLC such additional and supplemental information as LLC shall reasonably request within 10 days of receiving such request and Cinemark shall cooperate fully with LLC in its evaluation of the Alternative Agreement.

(d) **ROFR Response.** LLC shall have the right during a period ending 90 days after submission of the Alternative Agreement (or in the event additional information is requested by LLC, within 90 days after the final submission to LLC of such additional information) (the “**ROFR Response Period**”) to give Cinemark written notice (the “**ROFR Response**”) that it either (i) will enter into an agreement with Cinemark providing Cinemark with the Designated Services on terms and conditions no less favorable to Cinemark than those contained in the Alternative Agreement or (ii) does not seek to provide the Designated Services.

(e) **Negotiation regarding Portion of Designated Services.** If any of the Designated Services to be provided by the Alternative Agreement cannot reasonably be provided by LLC, then LLC and Cinemark shall negotiate in good faith during the ROFR Response Period as to LLC’s ability to provide certain portions of the Designated Services; provided that should (x) Cinemark and LLC fail to reach agreement on LLC’s provision of the Designated Services in part and (y) LLC fails to agree to provide all of the Designated Services by the end of the ROFR Response Period, then Cinemark shall be permitted to enter into the Alternative Agreement on terms no less favorable to Cinemark than those set forth in the ROFR Notice as provided in Section 9.03(b) above. If Cinemark fails to enter into such Alternative Agreement within 45 days after the end of the ROFR Response Period, then the procedures set forth in this Section 9.03 shall once again become applicable.

(f) Alternative Proposals. During the period commencing on the date that Cinemark provides LLC the ROFR Notice and continuing until the earlier of (i) the end of the ROFR Response Period and (ii) the date LLC notifies Cinemark that it does not seek to provide the Designated Services, Cinemark shall not solicit alternative proposals from any other party for the Designated Services.

(g) Agreement. If either (i) LLC delivers a ROFR Response indicating that LLC wants to provide Cinemark with the Designated Services on the terms and conditions set forth in the ROFR Notice or (ii) the Parties agree that LLC will provide only certain of the Designated Services, the Parties will, within 45 days of such verbal agreement, enter into a written agreement to provide the agreed-on Designated Services on such terms and conditions. If Cinemark and LLC fail to enter into such agreement within 45 days after the end of the ROFR Response Period, then Cinemark shall have 45 days thereafter to enter into the Alternative Agreement on the terms and conditions no less favorable to Cinemark than those set forth in the ROFR Notice. If Cinemark fails to enter into such Alternative Agreement within such 45 day period, then the provisions of this Section 9.03 shall once again become applicable.

(h) Entry into Alternative Agreement. If either (i) LLC delivers a ROFR Response indicating that LLC does not want to provide Cinemark with the Designated Services on the terms and conditions set forth in the ROFR Notice or (ii) the Parties agree that LLC will provide only certain of the Designated Services, Cinemark shall be permitted, with respect to those Designated Services not provided by LLC, to enter into the Alternative Agreement on the terms and conditions no less favorable to Cinemark than those set forth in the ROFR Notice. If Cinemark fails to enter into such Alternative Agreement within 45 days after the end of the ROFR Response Period, then the provisions of this Section 9.03 shall once again become applicable.

Section 9.04 Survival. Articles 1, 10, 11, 13, 14 and 15 and Sections 9.04, 9.05 and 9.06 shall survive any expiration or termination of this Agreement, and Section 9.03 shall survive any expiration of this Agreement.

Section 9.05 Effect of Termination. Upon termination or expiration of this Agreement, each Party may exercise all remedies available to it as a matter of law and upon prior notice to Cinemark, LLC shall be entitled to enter the Theatres, and any other premises of Cinemark where any LLC Property may be located (or in the event of partial termination of this Agreement pursuant to Section 9.02(a) or (b) the affected Theatre(s) or premises), at a time mutually agreed to by the Parties in order to recover any and all LLC Property. In the event LLC fails to recover any LLC Property within the timeframe the Parties agree upon for such recovery, Cinemark shall have the right to remove and dispose of such LLC Property in its sole discretion, provided that any Software included in the LLC Property shall be recovered and returned to LLC at LLC's expense. LLC shall be obligated to restore all premises from which LLC Property is removed pursuant to this section to their previous condition, excluding reasonable wear and tear and any other improvements or material alterations to such premises as may have been approved by the Parties in connection with installation of LLC Equipment or operation of the Advertising

Services and shall repair any damage to the premises as a result of such removal. In addition, any and all licenses granted by either Party to the other under this Agreement shall immediately terminate, Cinemark shall cease using LLC Marks, LLC shall cease using Cinemark Marks and LLC shall be entitled to immediately discontinue the Advertising Services. Promptly upon termination or expiration of this Agreement, and except as expressly provided in Article 8 of the License Agreement, each Party shall return to the other Party all Confidential Information of the other Party, or, at the other Party's option, destroy such Confidential Information and promptly provide to the other Party a certificate signed by an officer of the Party attesting to such destruction. Notwithstanding termination of this Agreement, each Party shall pay to the other, within thirty (30) days after the effective date of such termination, any and all fees (including costs and expenses) and other amounts owed hereunder as of such termination.

ARTICLE 10

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 10.01 Representations and Warranties. Each Party represents and warrants that:

- (a) Formation.** It (i) is duly formed and organized, validly existing, and in good standing under the laws of the jurisdiction of its formation and incorporation and has the power and authority to carry on its business as carried on, and (ii) has the right to enter into this Agreement and to perform its obligations under this Agreement and has the power and authority to execute and deliver this Agreement.
- (b) Governmental Authorization.** Any registration, declaration, or filing with, or consent, approval, license, permit or other authorization or order by, any governmental or regulatory authority, domestic or foreign, that is required to be obtained by it in connection with the valid execution, delivery, acceptance and performance by it under this Agreement or the consummation by it of any transaction contemplated hereby has been completed, made, or obtained, as the case may be.
- (c) Consents.** It is the exclusive owner of, or otherwise has or will have timely obtained all rights, licenses, clearances and consents necessary to make the grants of rights made or otherwise perform its obligations under this Agreement as required under this Agreement.
- (d) No Conflicts.** The execution and delivery of this Agreement do not, and the performance of its obligations under this Agreement and the consummation of the transactions contemplated hereby will not (with or without notice or lapse of time or both) (i) conflict with or result in a violation or breach of its charter or other organizational documents; (ii) conflict with or result in a violation or breach of any law or order applicable to it, or (iii) (A) conflict with or result in a violation or breach of, (B) constitute a default under, or (C) result in the creation or imposition of any lien upon it or any of its assets and properties under, any material contract or material license to which it or any of its Affiliates is a party or by which any of its or their respective assets and properties are bound.

Section 10.02 Additional Covenants.

(a) **No Challenge.** Each Party covenants that it will not at any time, except to the extent necessary to, assert or defend its rights under this Agreement: (i) challenge or otherwise do anything inconsistent with the other Party's right, title or interest in its property, (ii) do or cause to be done or omit to do anything, the doing, causing or omitting of which would contest or in any way impair or tend to impair the rights of the other Party in its property or the rights of third party licensors or providers in their property, or (iii) assist or cause any Person or entity to do any of the foregoing.

(b) **No Infringement by Cinemark.** Cinemark covenants that, except as Cinemark discloses in writing concurrently with the execution hereof and excluding any intellectual property or other rights licensed pursuant to the License Agreement, none of the information, content, materials, or services it supplies or has supplied on its behalf under this Agreement to its knowledge infringes or misappropriates, or will infringe or misappropriate, any U.S. patent, trademark, copyright or other intellectual property or proprietary right of any third party to the extent used in accordance with the terms and conditions of this Agreement.

(c) **No Infringement by LLC.** LLC covenants that, except as specified in Section 10.02(b) and excluding any intellectual property or other rights licensed pursuant to the License Agreement, (i) to its knowledge, the Advertising Services will not violate, infringe or dilute any trademark, tradename, service mark or service name or any other intellectual property of any third party or the right of privacy or publicity of any person and (ii) LLC shall procure any and all consents, licenses or permits necessary relating to the Advertising Services provided to Cinemark and shall pay all license fees and royalties to the appropriate parties that become due and owing as a result of the performance of the Advertising Services or any other services as may be provided by LLC to Cinemark from time to time, other than film rent to the film distributors.

Section 10.03 Disclaimer. EXCEPT AS EXPRESSLY AND EXPLICITLY SET FORTH IN THIS AGREEMENT, ANY AND ALL INFORMATION, PRODUCTS, AND SERVICES, INCLUDING, WITHOUT LIMITATION, THE CINEMARK PROPERTY AND LLC PROPERTY, ARE PROVIDED "AS IS" AND "WITH ALL FAULTS," AND NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, AND EACH PARTY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, WRITTEN OR ORAL, ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, TITLE AND FITNESS FOR A PARTICULAR PURPOSE. NEITHER PARTY MAKES ANY REPRESENTATION THAT THE DIGITAL CONTENT SERVICE OR ITS DISPLAY, OR RECEIPT OF ANY OTHER SERVICES, WILL BE UNINTERRUPTED OR ERROR-FREE.

ARTICLE 11

INDEMNIFICATION

Section 11.01 Indemnification.

(a) Indemnification by Cinemark. Cinemark shall defend, indemnify, and hold harmless LLC and its officers, directors, members, owners, contractors, employees, representatives, agents, successors, and assigns (collectively, “**Representatives**”) from and against any and all losses, obligations, risks, costs, claims, liabilities, settlements, damages, liens, judgments, awards, fines, penalties, expenses and other obligations whatsoever (including, without limitation, reasonable attorneys’ fees and disbursements, except as limited by Section 11.02, and any consultants or experts and expenses of investigation) (collectively, “**Costs**”) suffered or incurred by LLC or its Representatives in connection with, as a result of, based upon, or relating to, (i) any breach by Cinemark of this Agreement, (ii) any use by Cinemark of any LLC Property (other than LLC Property licensed by LLC to Cinemark under the License Agreement) other than as authorized by this Agreement, (iii) any third-party claims directly resulting from acts or omissions of Cinemark or its designee(s), (iv) any breach of a Legacy Agreement prior to the date on which such Legacy Agreement is assigned to LLC, (v) Cinemark’s fraud, willful misconduct, or noncompliance with law, (vi) any infringement, violation, misappropriation, or misuse of any third-party intellectual property rights by the Cinemark Property (excluding the intellectual property or other rights licensed by Cinemark pursuant to the License Agreement); or (vii) any items disclosed by Cinemark pursuant to Section 10.02(b).

(b) Indemnification by LLC. LLC shall defend, indemnify, and hold harmless Cinemark and its Representatives from and against any and all Costs suffered or incurred by Cinemark or its Representatives in connection with, as a result of, based upon, or relating to, (i) any breach by LLC of this Agreement, (ii) any use by LLC of any information, content or other materials supplied by or on behalf of Cinemark hereunder (including the Brand), but not under the License Agreement, other than as authorized by this Agreement, (iii) any breach of a Legacy Agreement on or after the date on which such Legacy Agreement is assigned to LLC, (iv) any damage caused by LLC, its vendors or subcontractors in installation, inspection or maintenance of any Equipment, (v) any third-party claims directly resulting from acts or omissions of LLC or its designee(s), including subcontractors, (vi) any infringement, violation, misappropriation, or misuse of any third-party intellectual property rights by the LLC Property (excluding the intellectual property or other rights licensed by LLC pursuant to the License Agreement); or (vii) LLC’s fraud, willful misconduct, or noncompliance with law.

(c) Mutual Indemnification. Each Party (the “**Indemnifying Party**”) shall defend, indemnify, and hold harmless the other Party and the other Party’s Representatives from and against any and all Costs suffered or incurred by the other Party or the other Party’s Representatives in connection with or as a result of, and from and against any and all third party claims, suits, actions, or proceedings actually or allegedly arising out of, based upon, or relating to any infringement or dilution of any third party trademark, tradename, service mark or service name by any trademark, tradename, service mark or service name provided by the Indemnifying Party. In the event of any infringement or dilution giving rise to a claim for indemnification under Sections 10.02(b), 10.02(c) or 11.01(a)(iii), or if infringement or dilution potentially giving rise to a claim under this Section is, in the Indemnifying Party’s opinion, likely to occur the Indemnifying Party may, either: (i) procure for the other Party the right to continue using the

trademark, tradename, service mark or service name in question, (ii) replace or modify the trademark, tradename, service mark or service name in question with a non-infringing or non-dilution alternative; or (iii) order the other Party to cease use of, and terminate the grant of rights under this Agreement with respect to, the trademark, tradename, service mark or service name in question. The Indemnifying Party will have no obligation under this Section for any infringement or dilution caused by, and the other Party will indemnify the Indemnifying Party in the event of, use by the other Party of the trademark, tradename, service mark or service name in question: (A) after the Indemnifying Party has notified the other Party to cease use of that trademark, tradename, service mark or service name; (B) in combination with any other trademark, tradename, service mark or service name not supplied by the Indemnifying Party; or (C) in breach of this Agreement. This Section 11.01(c) states each Party's entire liability and sole and exclusive remedy for infringement or dilution claims or actions relating to third party trademarks, tradenames, service marks or service names in connection with this Agreement.

Section 11.02 Defense of Action. An indemnitor under this Article shall have the right to control the defense and settlement of any and all claims, suits, proceedings, and actions for which such indemnitor is obligated to indemnify, hold harmless, and defend hereunder, but the indemnitee shall have the right to participate in such claims, suits, proceedings, and actions at its own cost and expense. An indemnitor shall have no liability under this Article 11 unless the indemnitee gives notice of such claim to the indemnitor promptly after the indemnitee learns of such claim so as to not prejudice the indemnitor. Under no circumstance shall either Party hereto settle or compromise or consent to the entry of any judgment with respect to any claim, suit, proceeding, or action that is the subject of indemnification hereunder without the prior written consent of the other Party, except for settlement involving only monetary payment by the indemnitor or no commitment or admission by the indemnitee, which consent shall not be withheld or delayed unreasonably.

ARTICLE 12

ADDITIONAL RIGHTS AND OBLIGATIONS

Section 12.01 Assistance. Each Party, upon the request of the other, shall perform any and all further reasonable acts and reasonably execute, acknowledge, and deliver any and all documents which the other Party determines in its sole reasonable judgment may be necessary, appropriate, or desirable to carry out the intent and purposes of this Agreement, including without limitation to document, perfect, or enforce the other Party's right, title, or interest in and to any of such Party's property, as well as any assistance requested in connection with the proceedings, suits, and hearings described in Section 12.02.

Section 12.02 Infringement. The Parties shall notify one another promptly, in writing, of any alleged, actual or threatened infringement, violation, misappropriation or misuse of or interference with ("**Infringement**") any intellectual property which such Party knows of or has reason to suspect.

Section 12.03 Theatre Passes. Upon the request of LLC's CEO, Cinemark will issue a number of annual passes, as reasonably requested by LLC and agreed by the parties and as reasonably consistent with prior practice, to the Theatres for use by LLC advertising clients,

subject to Cinemark's ability to issue such passes pursuant to Cinemark's agreements with film distributors. LLC may purchase passes in excess of such number each year at a reasonably negotiated price. All other tickets used by LLC for promotional and sales purposes will be acquired by LLC at Cinemark's then current group ticket discount rate.

Section 12.04 Compliance with Law. Cinemark and LLC shall each at all times operate and conduct its business, including, without limitation, exercising its rights under this Agreement, in compliance with all applicable international, national, state, and local laws, rules, and requirements, and the compliance by either Party with such laws, rules and requirements shall under no circumstances be deemed a breach of this Agreement.

Section 12.05 Insurance. Cinemark shall maintain with financially sound and reputable insurance companies insurance on the Theatres and Equipment in such amounts and against such perils as Cinemark deems adequate for its business. LLC shall maintain with financially sound and reputable insurance companies insurance for its business and Equipment in such amounts and against such perils as LLC deems adequate for its business. Each Party will name the other Party (including its agents, officers, directors, employees and affiliates) as an additional insured on such policies of insurance. Furthermore, to the extent reasonably practicable, LLC shall use commercially reasonable efforts to have Cinemark listed as an additional insured on any insurance policy carried by the advertiser, agent or event promoter in connection with Advertising Services provided under this Agreement.

Section 12.06 Most Favored Nations. LLC shall promptly provide to Cinemark a copy of each agreement, amendment or extension as may be entered into by LLC on or after the Original Effective Date with each Founding Member which amends any term of the Exhibitor Services Agreement entered into with any of the Founding Members, as such may be amended from time to time. The Parties recognize and acknowledge that the provision of the Advertising Services is dependent on the cooperation and operational support of LLC and the Founding Members and, from time to time, LLC may elect to waive compliance with a term of this Agreement or a term of an Exhibitor Services Agreement entered into with another Founding Member, so long as LLC acts reasonably and fairly in granting waivers requested by each of Regal, AMC and Cinemark, as applicable. If LLC acts reasonably and fairly in granting such waivers to each of Regal, AMC and Cinemark and any such waivers do not materially alter the applicable Exhibitor Services Agreement, then such waiver will not be considered an amendment of the relevant exhibitor's Exhibitor Services Agreement for purposes of this Agreement and shall not be covered by the terms of this Section 12.06. Such copies shall be redlined to reflect all differences between such agreements or amendments and this Agreement or corresponding amendment. At the election of Cinemark, by written notice to LLC within twenty (20) days following its receipt of such agreements or amendments, to amend this Agreement so that it conforms, in part or whole, to any one of such agreements or amendments, this Agreement shall be deemed so amended by LLC and Cinemark as soon as reasonably practicable after receipt of such notice.

Section 12.07 Non-Competition and Non-Solicitation.

(a) Non-Competition. In consideration of Cinemark's participation in LLC and in consideration of the mutual covenants and agreements contained in this Agreement,

Cinemark and its Affiliates agree, except as otherwise provided in this Agreement, not to engage or participate in any business, hold equity interests, directly or indirectly, in another entity, whether currently existing or hereafter created, or participate in any other joint venture that competes or would compete with any business that LLC is authorized to conduct in the Territory pursuant to this Agreement, whether or not LLC is actually conducting such business in a particular portion of the Territory. The foregoing restrictions shall not apply (i) in the event Cinemark or its Affiliate acquires a competing business in the Territory as an incidental part of an acquisition of any other business that is not prohibited by the foregoing, if Cinemark disposes of the portion of such business that is a competing business as soon as practicable, (ii) to any direct or indirect ownership or other equity investments by Cinemark or its Affiliates in such other competing business that represents in the aggregate less than 10% of the voting power of all outstanding equity of such business, and (iii) in the event Cinemark enters into any agreement for the acquisition or installation of equipment or the provision of services on customary terms that does not violate the exclusivity of LLC hereunder with any entity that has other businesses and provides other services that may compete with LLC.

(b) Non-Solicitation. For the Term of this Agreement and a three-year period after its termination or expiration, each Party shall not, without the prior written approval of the other Party, directly or indirectly: (i) solicit for hire any employees of any other Party or its Affiliates at the level of vice president or higher; or (ii) induce any such employee of such Party to terminate their relationship with such Party. The foregoing will not apply to individuals hired as a result of the use of a general solicitation (such as a newspaper, radio or television advertisement) not specifically directed to the employees of such Party.

ARTICLE 13

OWNERSHIP

Section 13.01 Property.

(a) LLC Property. As between LLC and Cinemark, LLC owns, solely and exclusively, any and all right, title, and interest in and to the Advertising Services (including all Inventory and other content supplied by or on behalf of LLC), the LLC Marks, the Software (excluding any Software owned by Cinemark as provided in the License Agreement), LLC's Confidential Information, the Digital Content Network, and any and all other data, information, Equipment (excluding the Cinemark Equipment), material, inventions, discoveries, processes, methods, technology, know-how, written works, software, works of visual art, audio works, and multimedia works provided, developed, created, reduced to practice, conceived, or made available by or on behalf of LLC to Cinemark or used by LLC to perform any of its obligations under or in connection with this Agreement, as well as any and all translations, improvements, adaptations, reproductions, look and feel attributes, and derivatives thereof (collectively, the "**LLC Property**"), and, except as expressly and explicitly stated in this Agreement, reserves all such right, title, and interest.

(b) Cinemark Property. As between Cinemark and LLC, Cinemark owns, solely and exclusively, any and all right, title, and interest in and to all content supplied by or on behalf of Cinemark, the Cinemark Marks, Software not included in Section 13.01(a) above,

Cinemark's Confidential Information, and any and all other data, information, Equipment (excluding the LLC Equipment), material, inventions, discoveries, processes, methods, technology, know-how, written works, software, works of visual art, audio works, and multimedia works provided, developed, created, reduced to practice, conceived, or made available by or on behalf of Cinemark to LLC or used by Cinemark to perform any of its obligations under or in connection with this Agreement, as well as any and all translations, improvements, adaptations, reproductions, look-and-feel attributes, and derivatives thereof (collectively, the "**Cinemark Property**"), and, except as expressly and explicitly stated in this Agreement, reserves all such right, title, and interest.

Section 13.02 Derived Works.

(a) Derived Works from LLC Property. Any and all data, information, and material created, conceived, reduced to practice, or developed pursuant to this Agreement, but not pursuant to the License Agreement, including, without limitation, written works, processes, methods, inventions, discoveries, software, works of visual art, audio works, look-and-feel attributes, and multimedia works, to the extent based on, using, or derived from, in whole or in part, any LLC Property, whether or not done on LLC's facilities, with LLC's equipment, or by LLC personnel, by either Party alone or with each other or any third party, and any and all right, title, and interest therein and thereto (including, but not limited to, the right to sue for past infringement) (collectively, "**LLC Derived Works**"), shall be owned solely and exclusively by LLC, and Cinemark hereby assigns, transfers, and conveys to LLC any right, title, or interest in or to any LLC Derived Work which it may at any time acquire by operation of law or otherwise. To the extent any LLC Derived Works are included in the Advertising Services, LLC hereby grants to Cinemark during the Term a non-exclusive, non-transferable, non-sublicenseable license to such LLC Derived Works solely for use in connection with the Advertising Services, as expressly provided by this Agreement.

(b) Derived Works from Cinemark Property. Except as specified in Section 13.02(a), any and all data, information, and material created, conceived, reduced to practice, or developed pursuant to this Agreement, but not pursuant to the License Agreement, including, without limitation, written works, processes, methods, inventions, discoveries, software, works of visual art, audio works, look-and-feel attributes, and multimedia works, to the extent based on, using, or derived from, in whole or in part, any Cinemark Property (and specifically including any materials included in the Policy Trailer or the Branded Slots based on or derived from materials supplied by Cinemark), whether or not done on Cinemark's facilities, with Cinemark's or LLC's equipment, or by Cinemark personnel, by either Party alone or with each other or any third party, and any and all right, title, and interest therein and thereto (including, but not limited to, the right to sue for past infringement) (collectively, "**Cinemark Derived Works**"), shall be owned solely and exclusively by Cinemark, and LLC hereby assigns, transfers, and conveys to Cinemark any right, title, or interest in or to any Cinemark Derived Work which it may at any time acquire by operation of law or otherwise. To the extent any Cinemark Derived Works are included in the Advertising Services, Cinemark hereby grants to LLC during the Term a nonexclusive, non-transferable, non-sublicenseable license to such Cinemark Derived Works solely for use in connection with the Advertising Services, as expressly provided by this Agreement.

Section 13.03 No Title. This Agreement is not an agreement of sale, and (a) no title or ownership interest in or to any LLC Property is transferred to Cinemark, and (b) no title or ownership interest in or to any Cinemark Property is transferred to LLC, as a result of or pursuant to this Agreement. Further, (i) Cinemark acknowledges that its exercise of rights with respect to the LLC Property shall not create in Cinemark any right, title or interest in or to any LLC Property and that all exercise of rights with respect to the LLC Property and the goodwill symbolized thereby or connected therewith will inure solely to the benefit of LLC, and (ii) LLC acknowledges that its exercise of rights with respect to the Cinemark Property shall not create in LLC any right, title or interest in or to any Cinemark Property and that all exercise of rights with respect to the Cinemark Property and the goodwill symbolized thereby or connected therewith will inure solely to the benefit of Cinemark.

ARTICLE 14

CONFIDENTIALITY

Section 14.01 Confidential Treatment. For a period of three years after the termination of this Agreement:

(a) Treatment of Confidential Information. Each Party shall use and cause its Affiliates to use the same degree of care it uses to safeguard its own Confidential Information and to cause its and its Affiliates' directors, officers, employees, agents and representatives to keep confidential all Confidential Information; and each Party shall hold and shall cause its Affiliates to hold and shall cause its and its Affiliates' directors, officers, employees, agents and representatives to hold in confidence, unless compelled to disclose by judicial or administrative process or, in the opinion of counsel, by the requirements of law, Confidential Information.

(b) LLC's Confidential Information. Cinemark agrees that the Confidential Information of LLC shall only be disclosed in secrecy and confidence, and is to be maintained by Cinemark in secrecy and confidence subject to the terms hereof. Cinemark shall (i) not, directly or indirectly, use the Confidential Information of LLC, except as necessary in the ordinary course of LLC's business, or disclose the Confidential Information of LLC to any third party and (ii) inform all of its employees to whom the Confidential Information of LLC is entrusted or exposed of the requirements of this Section and of their obligations relating thereto.

(c) Cinemark's Confidential Information. Confidential Information of Cinemark shall not be supplied by LLC or its Subsidiaries to any Person who is not an employee of LLC, including any employee of a Member or of LLC's manager who is not an employee of LLC. Notwithstanding the foregoing, Cinemark Confidential Information may be disclosed to authorized third-party contractors of LLC if LLC determines that such disclosure is reasonably necessary to further the business of LLC, and if such contractor executes a non-disclosure agreement preventing such contractor from disclosing Cinemark's Confidential Information for the benefit of each provider of Cinemark's Confidential Information in a form reasonably acceptable to the Founding Members. Cinemark's Confidential Information disclosed to LLC shall not be shared with any other Member without Cinemark's written consent.

Section 14.02 Injunctive Relief. It is understood and agreed that each Party's remedies at law for a breach of this Article 14, as well as Section 12.07, will be inadequate and that each Party shall, in the event of any such breach or the threat of such breach, be entitled to equitable relief (including without limitation provisional and permanent injunctive relief and specific performance) from a court of competent jurisdiction. The Parties shall be entitled to the relief described in this Section 14.02 without the requirement of posting a bond. Nothing stated herein shall limit any other remedies provided under this Agreement or available to the Parties at law.

ARTICLE 15

MISCELLANEOUS

Section 15.01 Notices. All notices, consents, and other communications between the Parties under or regarding this Agreement shall be in writing and shall be sent to the recipient's address set forth in this section by hand delivery, nationally respected overnight carrier, or certified mail, return receipt requested. Such communications shall be deemed to have been received on the date actually received

LLC: National CineMedia, LLC
9110 East Nichols Ave., Suite 200
Centennial, CO 80112
Attention: Chief Executive Officer

with a copy to: National CineMedia, LLC
9110 East Nichols Ave., Suite 200
Centennial, CO 80112
Attention: General Counsel

Cinemark: Cinemark USA, Inc.
c/o Cinemark Holdings, Inc.
3900 Dallas Parkway, Suite 500
Plano, TX 75093
Fax: 972-665-1003
Attn: Mike Cavalier, Senior Vice President-
General Counsel

with a copy to: Hogan Lovells US LLP
1200 Seventeenth Street, Suite 1500
Denver, CO 80202
Attention: David London

Either Party may change its address for notices by giving written notice of the new address to the other Party in accordance with this section, but any element of such Party's address that is not newly provided in such notice shall be deemed not to have changed.

Section 15.02 Waiver; Remedies. The waiver or failure of either Party to exercise in any respect any right provided hereunder shall not be deemed a waiver of such right in the future

or a waiver of any other rights established under this Agreement. All remedies available to either Party hereto for breach of this Agreement are cumulative and may be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed an election of such remedy to the exclusion of other remedies.

Section 15.03 Severability. Should any term or provision of this Agreement be held to any extent unenforceable, invalid, or prohibited under law, then such provision shall be deemed restated to reflect the original intention of the Parties as nearly as possible in accordance with applicable law and the remainder of this Agreement. The application of any term or provision restated pursuant hereto to Persons, property, or circumstances other than those as to which it is invalid, unenforceable, or prohibited, shall not be affected thereby, and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 15.04 Integration; Headings. The Parties hereto agree that the Amended and Restated Exhibitor Services Agreement dated as of July 15, 2005 was terminated (except as otherwise provided in the Letter Agreement dated as of February 13, 2007 by and among LLC, AMC, Cinemark and Regal (the “**ESA Payment Letter**”)), and replaced by the Original Agreement and the exhibits thereto. The Original Agreement and the ESA Payment Letter constituted the complete and exclusive statement of the agreement between the Parties with respect to the subject matter of the Original Agreement as of February 13, 2007, and superseded any and all other prior or contemporaneous oral or written communications, proposals, representations, and agreements, express or implied. This Agreement and the exhibits hereto, together with the Digital Programming Exhibitor Services Agreement, amends and replaces the Original Agreement (as amended by the Amendments) as of the date hereof and, as of the Restated Effective Date, the Original Agreement (as amended by the Amendments) shall be of no further force or effect. This Agreement may be amended only by mutual agreement expressed in writing and signed by both Parties, except as otherwise provided in Section 12.06. Headings used in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 15.05 Construction. The Parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns, and verbs shall include the plural and vice versa. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable. The use of the words “include” or “including” in this Agreement shall be by way of example rather than by limitation. The use of the words “or,” “either” or “any” shall not be exclusive.

Section 15.06 Non-Recourse. Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the Parties hereto that each and every representation, warranty, covenant, undertaking and agreement made in this Agreement was not made or intended to be made as a personal representation, undertaking, warranty, covenant, or

agreement on the part of any individual or of any partner, stockholder, member or other equity holder of either Party hereto, and any recourse, whether in common law, in equity, by statute or otherwise, against any such individual or entity is hereby forever waived and released.

Section 15.07 Governing Law; Submission to Jurisdiction. Subject to the provisions of Section 14.02 and the Parties' agreement that the United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement and is hereby disclaimed by the Parties:

(a) Governing Law. This Agreement is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the Parties.

(b) Jurisdiction. Each Party hereto agrees that any legal action or other legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement shall be brought or otherwise commenced exclusively in any state or federal court located in Delaware or in New York, New York. Subject to the preceding sentence, each Party hereto:

(i) expressly and irrevocably consents and submits to the jurisdiction of each state and federal court located in New York, New York (and each appellate court located in the State of New York) in connection with any such legal proceeding, including to enforce any settlement, order or award;

(ii) consents to service of process in any such proceeding in any manner permitted by the laws of the State of New York, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 15.01 is reasonably calculated to give actual notice;

(iii) agrees that each state and federal court located in New York, New York shall be deemed to be a convenient forum;

(iv) waives and agrees not to assert (by way of motion, as a defense or otherwise), in any such legal proceeding commenced in any state or federal court located in New York, New York, any claim that such Party is not subject personally to the jurisdiction of such court, that such legal proceeding has been brought in an inconvenient forum, that the venue of such proceeding is improper or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court; and

(v) agrees to the entry of an order to enforce any resolution, settlement, order or award made pursuant to this Section by the state and federal courts located in New York, New York and in connection therewith hereby waives, and agrees not to assert by way of motion, as a defense, or otherwise, any claim that such resolution, settlement, order or award is inconsistent with or violative of the laws or public policy of the laws of the State of New York or any other jurisdiction.

(c) **Costs and Expenses.** In the event of any action or other proceeding relating to this Agreement or the enforcement of any provision of this Agreement, the prevailing party (as determined by the court) shall be entitled to payment by the non-prevailing party of all costs and expenses (including reasonable attorneys' fees) incurred by the prevailing party, including any costs and expenses incurred in connection with any challenge to the jurisdiction or the convenience or propriety of venue of proceedings before any state or federal court located in New York, New York.

Section 15.08 Assignment. Neither Party may assign or transfer, by operation of law or otherwise, any of its rights or obligations under this Agreement to any third party without the other Party's prior written consent. Either Party may fulfill their respective obligations hereunder by using third-party vendors or subcontractors; provided, however that such Party shall remain fully and primarily responsible to ensure that such obligations are satisfied. Cinemark acknowledges and agrees that in the event of assignment or transfer by the sale of all or substantially all of its assets, the failure to obtain (by operation of law or otherwise) an agreement in writing by assignee/transferee to be bound by the terms of this Agreement to the same extent as if such assignee/transferee were a party hereto (an "**Assignment and Assumption**") of its interest in this Agreement in respect of such assets as part of the sale shall constitute a material breach of this Agreement. Notwithstanding the foregoing, this Agreement shall not be assignable by either Party unless the assignee enters into an Assignment and Assumption. A Permitted Transfer shall not be deemed an assignment or transfer for purposes of this Agreement; provided, however, any Permitted Transfer by assignment to an Affiliate of Cinemark shall be (i) conditioned upon (A) the transferee entering into an Assignment and Assumption, (B) Cinemark agreeing in writing to remain bound by the obligations under this Agreement, and (ii) effective only so long as the Affiliate remains an Affiliate of transferee. Any attempted assignment in violation of this section shall be void.

Section 15.09 Force Majeure. Any delay in the performance of any duties or obligations of either Party (except the payment of money owed) will not be considered a breach of this Agreement if such delay is caused by a labor dispute, shortage of materials, fire, earthquake, flood, or any other event beyond the control of such Party, provided that such Party uses commercially reasonable efforts, under the circumstances, to notify the other Party of the circumstances causing the delay and to resume performance as soon as possible.

Section 15.10 Third Party Beneficiary. The Parties hereto do not intend, nor shall any clause be interpreted, to create under this Agreement any obligations or benefits to, or rights in, any third party from either LLC or Cinemark. Neither Party hereto is granted any right or authority to assume or create any obligation or responsibility, express or implied, on behalf of, or in the name of, the other Party, or to bind the other Party in any matter or thing whatever. No Affiliate of either Party shall have any liability or obligation pursuant to this Agreement. Each Party shall be solely responsible, and each Party agrees to look solely to the other, for the satisfaction of such other Party's obligations under this Agreement.

Section 15.11 Export.

(a) **LLC's Software and Confidential Information.** Cinemark acknowledges and agrees: (i) that the Software and the Confidential Information of LLC are subject to the

export controls of the United States, and (ii) that Cinemark has no right to, and further agrees that it will not, export or otherwise transfer or permit the transfer of any Software or Confidential Information of LLC outside the Territory. Cinemark will defend, indemnify, and hold harmless LLC from and against all fines, penalties, liabilities, damages, costs, and expenses incurred by LLC as a result of any failure to comply with the preceding sentence.

(b) Cinemark's Confidential Information. LLC acknowledges and agrees: (i) that the Confidential Information of Cinemark is subject to the export controls of the United States, and (ii) that LLC has no right to, and further agrees that it will not, export or otherwise transfer or permit the transfer of any Confidential Information of Cinemark outside the Territory. LLC will defend, indemnify, and hold harmless Cinemark from and against all fines, penalties, liabilities, damages, costs, and expenses incurred by Cinemark as a result of any failure to comply with the preceding sentence.

Section 15.12 Independent Contractors. The Parties' relationship to each other is that of an independent contractor, and neither Party is an agent or partner of the other. Neither Party will represent to any third party that it has, any authority to act on behalf of the other.

Section 15.13 Counterparts. This Agreement may be executed in any number of separate counterparts each of which when executed and delivered to the other Party hereto shall be an original as against the Party whose signature appears thereon, but all such counterparts shall together constitute one and the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

CINEMARK USA, INC.

By: /s/ Michael Cavalier
Name: Michael Cavalier
Title: Senior Vice President – General Counsel

NATIONAL CINEMEDIA, LLC

BY: **NATIONAL CINEMEDIA, INC.,**
Its Manager

By: /s/ Kurt C. Hall
Name: Kurt C. Hall
Title: Chairman and Chief Executive Officer

[Signature page to ESA - Advertising]

EXHIBITS TO AMENDED AND RESTATED EXHIBITOR SERVICES AGREEMENT
(AMENDED AND RESTATED AS OF DECEMBER 26, 2013)

EXHIBIT A

DESCRIPTION OF ADVERTISING SERVICES

“Advertising Services” consist of the following:

1. *Lobby Promotions*. “**Lobby Promotions**” means as follows:

All lobby promotions and other in-theatre promotional activities (excluding the Digital Content Service, the Digital Carousel, the Traditional Content Program and other on-screen content, as described in 3 below), but specifically excluding the following promotional activities (which Cinemark shall retain the right to perform and have performed on its behalf):

- (i) promotional activities arising under the Cinemark contracts identified in the Specification Documentation;
- (ii) (1) poster case advertising, digital poster case advertising, advertising on digital animated poster cases, ATM or ticket kiosk screens (or such items that may replace digital poster cases, or ATM or ticket kiosk screens in the future) or other substantially similar display mechanisms and other lobby or in-theatre promotions for (A) Theatre Advertising, (B) film festivals organized by Cinemark (unless such poster cases have been sold by LLC), (C) fundraising programs conducted by Cinemark for any non-profit organizations, (D) full-length theatrical productions, (E) Digital Programming Events and (F) other promotional material that may include some or all of the following types of content: isolated images or still scenes from feature films or Digital Programming Events, full motion elements that are not a Trailer or Event Trailer, interactive elements, audio elements and motion sensors; provided, however, that no Trailers, Event Trailers or content equivalent to Trailers or Event Trailers are displayed;
(2) drink cup and popcorn bag/tub advertising related to the Concessions, as necessary to fulfill contractual obligations of Cinemark with respect to promotion of such Concessions in the Theatres;
(3) lobby or in-theatre promotions and advertising for vendors of services provided to the Theatres, provided such promotion is incidental to the vendor’s service, including by way of illustration and not limitation,

- (A) logos of Movietickets.com and Fandango related to promotions for online ticketing services, (B) credit card company logos displayed at the box office, automated box office, Concession stands, cafes, arcades, and lobby kiosks, (C) bank logos displayed at ATM's, (D) phone company logos displayed at public telephones, and (E) logos of vendors who provide restroom soaps, toilet paper and lotions;
- (4) logos on digital menu boards at the Concession stand or digital displays at the box office of manufacturers of such products;
- (5) advertising and/or signage pursuant to the IMAX agreement (if applicable); and
- (6) any trademark, service mark, logo or other branding of Cinemark (or its theatre-operating Affiliates), film studio(s), distributors and production companies and of Alternative Content JV, distributors and production companies for a Digital Programming Event;

provided, however, that Cinemark shall not be permitted to exhibit or display any promotion described in this Section 1.(ii), if such promotion features any trademark, service mark, logo or other branding of a party other than the film studio(s), distributors, production companies, Concession providers, or other service vendors or providers responsible for the production or promotion, as applicable, or of Cinemark (or its theatre-operating Affiliates), unless such promotion (x) relates to a Strategic Program that complies with Section 4.07(b) or (y) in connection with an Digital Programming Event contains only a Sponsor Message.

Popcorn bags, popcorn tubs, cups and kids' trays will be provided according to Cinemark's template and packaging requirements, subject to Cinemark's providing reasonable notice of changes to any such requirements. LLC may obtain advertising for all of the surface area of all such items that is not required (i) under the Beverage Agreement, (ii) as necessary to fulfill contractual obligations of Cinemark with respect to Concessions, and (iii) incidental branding needs of Cinemark, subject to the terms contained in the Beverage Agreement. Cinemark shall not amend or modify any contract to the extent such amendment or modification would be inconsistent with the exclusive rights of LLC hereunder or have the effect of any extension of third party restrictions on surface area advertising on such popcorn bags, popcorn tubs, cups and kids' trays, except as permitted under Section 4.06(a) with respect to the Beverage Agreement or as permitted under Section 4.07(a).

2. *Event Sponsorships*

“**Event Sponsorship**” means the sale of advertising or sponsorships with respect to any Digital Programming Event exhibited or shown in Theatres.

“**Event Simulcast Advertising Services**” means the sale of advertising with respect to any Digital Programming Event Simulcast. For clarification, to the extent that the content provider allows any third-party advertising to be included in a Digital Programming Event Simulcast, other than that provided by or on behalf of the content provider, LLC shall have the exclusive right, subject to the rights granted by LLC to the Alternative Content JV in the Alternative Content JV Services Agreement, to provide such advertising content.

3. *Digital Content Service, Digital Carousel and Traditional Content Program*

The Digital Content Service (which includes the Pre-Feature Program, Policy Trailer, and the Video Display Program), the Digital Carousel and the Traditional Content Program, and all other on-screen content which is exhibited in Theatre auditoriums prior to the feature film presentation or a Digital Programming Event, but specifically excluding Trailers and Event Trailers. Additionally, if agreed upon by LLC and Alternative Content JV, the Digital Content Service may include the Digital Programming Event Pre-Feature Program.

4. *3D Advertising Services*

“**3d Advertising Services**” means any of the Digital Carousel, the Pre-Feature Program, the Policy Trailer portions of the Advertising Services that are viewed by theatre patrons in 3D by using the Digital Cinema Equipment and 3D Glasses.

EXHIBIT A-1

CINEMARK
INVENTORY FOR LOBBY PROMOTIONS

The Inventory of Lobby Promotions for each Theatre to which LLC has “pre-approved” access is as listed below. Per Flight (unless otherwise specified below), LLC may provide each Theatre with any combination of Lobby Promotions as described below.

<u>Item</u>	<u>Inventory per Flight</u>	<u>Quantity</u>	<u>Spec</u>
Box Office Handout <i>(1 handout per transaction; not film specific)</i>	2 programs per Theatre	TBD	3”x5” 2-sided
Exit Sampling	1 program per Theatre	TBD	
Poster Case Live Area 24”x38” <i>(1-11 screens: 1 poster; 12 screens: 2 posters; 13-20 screens: 3 posters; 21+ screens: 4 posters)</i>	1 program per Theatre	varies (below)	27”x40”
Tabling/Demo <i>(No active “recruitment” of patrons)</i>	1 program per Theatre	1 per client	4-6’ table
Vehicle/Motorcycle <i>(Displays limited to specific list of Theatres provided by Cinemark, and updated from time to time after reasonable advance notice to LLC)</i>	1 program per Theatre	1 per client	
Background Music	1 program per Theatre	N/A	N/A
Counter Cards	2 programs per Theatre	2-3 per client	13”x16.5”x4”
Danglers	1 programs per Theatre per quarter	2-3 per client	18”x24”
Static Clings	1 program per Theatre per quarter	2-3 per client	4”x6”
Banners	1 program per Theatre per quarter	1 per client	6’x4’

Lobby Display	2 programs per Theatre	1 per client	4'x6'
<i>(Displays limited to specific list of Theatres provided by Cinemark, and updated from time to time after reasonable advance notice to LLC)</i>			
Lobby Standee	2 programs per Theatre	1 per client	3'x5'
<i>(Displays limited to specific list of Theatres provided by Cinemark, and updated from time to time after reasonable advance notice to LLC)</i>			
Floor Mats	1 program per Theatre per quarter	1 per client	4'x6'

EXHIBIT B

A. Creative Services (See Section 4.05(e))

LLC will provide Cinemark with up to 1,000 hours per year associated with Creative Services in conjunction with the creation of certain elements of the Pre-Feature Program (including the Policy Trailer, the Brand, and the Branded Slots, but excluding the Digital Programming Event Pre-Feature Program, Event Sponsorships and Branded Slots used for the promotion of Digital Programming Events) and Video Display Program (but excluding materials used for the promotion of Digital Programming Events) at no charge. Additional hours will be billed as set forth in item 2 below. The Creative Services provided at no cost may not include creation of Strategic Programs or any materials in connection with Digital Programming Events or Event Sponsorship.

“**Creative Services**” include the provision of (i) concept work, idea creation, scripting, treatments, storyboarding, timelines and animatics, (ii) execution, animation, production, post production, sound design, final encoding and the preparation of all deliverables, and (iii) project management, meetings, communications, sub contractor management and all administrative activity related to said creative services.

1. Allocated 1,000 Hours Per Year

All projects will be quoted on a GMH (Guaranteed Maximum Hours) basis by which the Parties will agree to the concept and execution plan of the project. This agreement may be based on treatments, scripts, storyboards, timelines or animatics and will define the intended scope of all creative projects. LLC will guarantee the total maximum hours allocated to the project regardless of actual hours invested so long as the defined scope is not increased. Scope increases may cause LLC to allocate more hours to a project and therefore could cause overruns in the project’s GMH, resulting in additional hours (and possibly fees). In all cases, any work resulting in overruns will be communicated to Cinemark by LLC prior to the work actually being done.

There is no specific deliverable attached to the accrual of hours, meaning that any project cancelled, put on hold, or for which production may extend beyond the anniversary of the agreement, will still have hours accrued against it that were incurred in that corresponding year. At the end of each calendar year, the balance of hours will be zeroed out. Unused hours will not carry forward. LLC shall provide a quarterly status report to Cinemark of all hours spent on any particular project as well as the amount of hours spent on an aggregate basis for all projects in any given calendar year.

2. Additional Work

Upon the utilization of 1,000 hours of Creative Services provided by LLC to Cinemark on any combination of projects within one calendar year, LLC will begin charging exhibitor \$[***] per hour for all additional hours, subject to the CPI Adjustment. These charges will be consistent for all Creative Services provided across all creative groups within LLC.

B. Beverage Agreement Advertising Rate (See Section 4.06(a))

The initial Beverage Agreement Advertising Rate as of the Original Effective Date is \$[***] per thousand attendees in Cinemark Attendance for a 30-second advertisement. The Beverage Agreement Advertising Rate shall (i) increase 8% per year for each of the first two fiscal years beginning at the end of LLC's 2007 fiscal year; (ii) beginning at the end of the period set forth in (i) above, increase 6% per year for each of the next two fiscal years; and (iii) beginning at the end of the period set forth in (ii) above, increase in an amount equal to the annual percentage increase in the advertising rates per thousand attendees charged by LLC to unaffiliated third parties (excluding the advertising associated with the Beverage Agreement) for on-screen advertising in the Pre-Feature Program during the last six minutes preceding the start of the feature film for each fiscal year for the remainder of the Term, but in no event more than the highest advertising rate per thousand attendees being then-charged by LLC.

The rate for a longer or shorter advertisement shall be adjusted based on a multiple or percentage of the 30-second rate. For illustrative purposes, the initial Beverage Agreement Advertising Rate for 90 seconds of advertising as of the Original Effective Date would be \$[***]. The Beverage Agreement Advertising Rate of \$[***] agreed to by the Parties as of the Original Effective Date is a discounted rate due to the length of the Agreement and the initial commitment to purchase 90 seconds of advertising.

C. Event Services Administrative Fee (See Section 8.02)

The Administrative Fee to be charged for delivery of Trailers, Event Trailers, PSA Trailers, meeting events, Digital Programming Events or Digital Programming Event Pre-Feature Programs shall cover all post production services (including ingesting, editing and encryption) performed by LLC and delivery of content to Theatre(s) through the Digital Content Network. If LLC establishes an additional digital network, pricing related to services provided for such network will be developed separately.

The Administrative Fee shall be negotiated by LLC and Cinemark in good faith from time to time to ensure that the Administrative Fee being paid to LLC is equal to a market rate negotiated at arms length between third parties.

CINEMARK

Schedule 3.06(a)

[***]

Schedule 1
Calculation of Exhibitor Allocation, Theatre Access Fee and Run-Out Obligations

A. Definitions

Within the context of this Schedule 1, the following terms shall have the following meanings:

“4.03 Participating Attendance” means the sum of Regal Attendance, Cinemark Attendance and AMC Attendance, calculated only with respect to Theatres, Cinemark Theatres and AMC Theatres that display an advertising campaign that Cinemark has not displayed in at least some Theatres pursuant to Section 4.03(viii) or (ix) of this Agreement or because of lack of equipment to display the Video Display Program.

“4.03 Theatre Access Fee” means the product of (i) the difference between (A) Cinemark 4.03 Opt-In Revenue minus (B) Cinemark Opt-Out Revenue, multiplied by (ii) the Theatre Access Pool Percentage. It is possible that the 4.03 Theatre Access Fee could be a negative number.

“Advertising-Related EBITDA” means, for the applicable measurement period, LLC EBITDA, less the sum of Non-Service EBITDA.

“Aggregate 4.03 Opt-In Attendance” means, with respect to any advertising campaign that is displayed by some but not all Founding Members pursuant to Section 4.03(i), (iii), (iv), (v) or (vi), the sum of attendance for each of the Founding Members that participate in such advertising campaign, with such attendance calculated for the applicable fiscal month pursuant to the definition of Regal Attendance, Cinemark Attendance and AMC Attendance, as applicable.

“Aggregate 4.03 Opt-In Revenue” means the sum of all 4.03 Revenue for each advertising campaign that any Founding Member opted not to display pursuant to Section 4.03(i), (iii), (iv), (v) or (vi) during the applicable measurement period.

“Aggregate Theatre Access Fee” means the sum of the Theatre Access Fee and the comparable theatre access fee payments made to Cinemark and AMC for the applicable period.

“Aggregate Theatre Access Pool” means the sum of the Cinemark Theatre Access Pool plus the comparable calculations for Regal and AMC.

“AMC Attendance” means the total number of patrons in all AMC Theatre auditoriums (excluding auditoriums that do not run the applicable advertising due to human or technical error within AMC’s control, AMC’s failure to allow LLC to upgrade the Software or Equipment, AMC’s failure to install Equipment pursuant to its obligations under Section 3.04 of its Exhibitor Services Agreement or, after notice and opportunity to cure as set forth in Section 3.08(b) of its Exhibitor Services Agreement, as the result of AMC’s failure to repair or replace any AMC Equipment or AMC’s (or its Affiliates’) software installed at any Theatre, if such obligation to repair or replace is undertaken by AMC pursuant to Section 3.08(b) of its Exhibitor Services Agreement and excluding auditoriums with IMAX Screens that do not exhibit Inventory), during the applicable measurement period.

“AMC Equipment” means the Equipment owned by AMC, pursuant to the AMC Exhibitor Agreement.

“AMC Screen Count” means the Screen Number with respect to all AMC Theatre screens for the applicable measurement period.

“AMC Theatre Access Pool” means the AMC Theatre Access Pool, calculated pursuant to the AMC Exhibitor Agreement.

“Attendance Factor” means, as of the Effective Date, [***]% (which represents the percentage calculated for the fourth fiscal quarter of 2006 using the formula in the following sentence). Effective as of the first day of each succeeding fiscal quarter of LLC beginning with the second fiscal quarter of 2007, the Attendance Factor shall adjust and be a percentage equal to (i) the total revenue payable to LLC for the immediately preceding fiscal quarter attributable to advertising exhibited in the Theatres, Cinemark Theatres and AMC Theatres with respect to advertising contracts for which the pricing is based on attendance, flat fee or other than number of screens, divided by (ii) the total revenue payable to LLC for the immediately preceding fiscal quarter attributable to all advertising exhibited by LLC in the Theatres, Cinemark Theatres and AMC Theatres.

“Beverage Agreement Revenue” means the aggregate revenue received by LLC related to the Beverage Agreement and Cinemark’s and AMC’s beverage agreements for the applicable measurement period.

“Regal Attendance” means the total number of patrons in all Regal Theatre auditoriums (excluding auditoriums that do not run the applicable advertising due to human or technical error within Regal’s control, Regal’s failure to allow LLC to upgrade the Software or Equipment, Regal’s failure to install Equipment pursuant to its obligations under Section 3.04 of its Exhibitor Services Agreement or, after notice and opportunity to cure as set forth in Section 3.08(b) of its Exhibitor Services Agreement, as the result of Regal’s failure to repair or replace any Regal Equipment or Regal’s (or its Affiliates’) software installed at any Theatre, if such obligation to repair or replace is undertaken by Regal pursuant to Section 3.08(b) of its Exhibitor Services Agreement and excluding auditoriums with IMAX Screens that do not exhibit Inventory), during the applicable measurement period.

“Cinemark 4.03 Opt-In Revenue” means Cinemark’s proportional share of the 4.03 Revenue resulting from advertising subject to Section 4.03(i), (iii), (iv), (v) or (vi) that was declined by Cinemark or AMC but that Cinemark exhibited in the fiscal month during which LLC provides the Advertising Services. Cinemark 4.03 Opt-In Revenue shall be calculated by aggregating, for the applicable fiscal month, the amount equal to the product of (i) the 4.03 Revenue for each relevant advertising campaign, multiplied by (ii) the following fraction (A) the numerator of which is Cinemark Attendance and (B) the denominator of which is Aggregate 4.03 Opt-In Attendance.

“Cinemark 4.03 Opt-Out Attendance” means Cinemark Attendance calculated only with respect to Theatres that do not display an advertising campaign pursuant to Section 4.03(viii) or (ix) of this Agreement or because of lack of equipment to display the Video Display Program.

“Cinemark 4.03 Opt-Out Revenue” means the estimate of the proportional share of additional 4.03 Revenue that would have been available to LLC in the applicable fiscal month from an advertising campaign that was not displayed in all Theatres pursuant to Cinemark’s decision under Section 4.03(viii) or (ix) of this Agreement or lack of equipment to display the Video Display Program. Cinemark 4.03 Opt-Out Revenue shall be calculated by aggregating for the applicable fiscal month the amount equal to the product of (i) the 4.03 Revenue for each relevant advertising campaign, multiplied by (ii) the following fraction (A) the numerator of which is Cinemark 4.03 Opt-Out Attendance and (B) the denominator of which is 4.03 Participating Attendance.

“Cinemark Attendance” means the total number of patrons in all Theatre auditoriums (excluding auditoriums that do not run the applicable advertising due to human or technical error within Cinemark’s control, Cinemark’s failure to allow LLC to upgrade the Software or Equipment, Cinemark’s failure to install Equipment pursuant to its obligations under Section 3.04 or, after notice and opportunity to cure as set forth in Section 3.08(b), as the result of Cinemark’s failure to repair or replace any Cinemark Equipment or Cinemark’s (or its Affiliates’) software installed at any Theatre, if such obligation to repair or replace is undertaken by Cinemark pursuant to Section 3.08(b) of its Exhibitor Services Agreement and excluding auditoriums with IMAX Screens that do not exhibit Inventory), during the applicable measurement period.

“Cinemark Attendance Ratio” means the quotient of: (i) Cinemark Attendance, divided by (ii) the sum of (A) the Regal Attendance, (B) the Cinemark Attendance and (C) the AMC Attendance.

“Cinemark Digital Screen Count” means the Digital Screen Number with respect to all Theatres for the applicable measurement period.

“Cinemark Screen Count” means the Screen Number with respect to all Cinemark Theatre screens for the applicable measurement period.

“Cinemark Screen Ratio” means the quotient of: (i) Cinemark Screen Count, divided by (ii) the sum of (A) the Regal Screen Count, (B) the Cinemark Screen Count and (C) the AMC Screen Count.

“Cinemark Theatre Access Pool” means the Cinemark Theatre Access Pool, calculated pursuant to the Cinemark Exhibitor Agreement.

“Cinemark Theatre Access Attendance Fee” means the product of (i) the Theatre Access Fee per Patron and (ii) Cinemark Attendance for the applicable fiscal month.

“Cinemark Theatre Access Screen Fee” means the product of (i) the Theatre Access Fee per Digital Screen and (ii) the Cinemark Digital Screen Count, calculated as the average between the number of Digital Screens on the last day of the preceding measurement period and the last day of the applicable measurement period.

“Digital Screen Number” means the total number of Digital Screens for the applicable measurement period, calculated as the average between the number of Digital Screens on the last day of the preceding measurement period and the last day of the applicable measurement period.

“Encumbered Exhibitor Allocation” means [***].

“Encumbered Service Revenue” means [***].

“Exclusivity EBITDA” means [***].

“Exclusivity Percentage” means [***].

“Exclusivity Run-Out Payment” means, for the applicable fiscal quarter, [***].

“Exhibitor Allocation” means the sum of (i) the product of the Screen Factor and the Cinemark Screen Ratio, and (ii) the product of the Attendance Factor and the Cinemark Attendance Ratio.

“Gross Advertising EBITDA” means Advertising-Related EBITDA less any Beverage Agreement Revenue.

“LLC EBITDA” means the aggregate EBITDA of LLC for the applicable measurement period, excluding any Exclusivity Run-Out Payments paid pursuant to this Agreement or any Exhibitor Services Agreement.

“Non-Encumbered Exhibitor Allocation” means [***].

“Non-Service EBITDA” means, for the applicable measurement period, the portion of LLC EBITDA attributable to a business line other than Advertising Services. For the avoidance of doubt, Non-Service EBITDA shall not include Exclusivity Run-Out Payments pursuant to this Agreement or any other Exhibitor Services Agreement.

“Regal Equipment” means the Equipment owned by Regal, pursuant to the Regal Exhibitor Agreement.

“Regal Screen Count” means the Screen Number with respect to all Theatres for the applicable measurement period.

“Regal Theatre Access Pool” means the Regal Theatre Access Pool, calculated pursuant to the Regal Exhibitor Agreement.

“Screen Factor” means the percentage resulting from 1 minus the Attendance Factor.

“Screen Number” means, with respect to any measurement period, the sum of the total number of screens in the applicable theatres on each day of the applicable measurement period, all divided by the number of days in the applicable measurement period, provided that a screen shall not be counted for purposes of this calculation if such screen is inaccessible to exhibit Inventory for the majority of the planned exhibitions for any particular day (i) with respect to the Theatres: due to human or technical error within Cinemark’s or its Affiliates’ control, Cinemark’s failure to allow LLC to upgrade the Software or Equipment (subject to Section 3.05), Cinemark’s failure to install Equipment pursuant to its obligations under Section 3.04 or, after notice and opportunity to cure as set forth in Section 3.08(b), as the result of Cinemark’s failure to repair or replace any Cinemark Equipment or Cinemark’s (or its Affiliates’) software installed at any Theatre, if such obligation to repair or replace is undertaken by Cinemark pursuant to Section 3.08(b)), (ii) with respect to the Cinemark Theatres: due to human or technical error within Cinemark’s or its Affiliates’ control, Cinemark’s failure to allow LLC to upgrade the Software or Equipment (subject to Section 3.05 of its Exhibitor Services Agreement), Cinemark’s failure to install Equipment pursuant to its obligations under Section 3.04 of its Exhibitor Services Agreement or, after notice and opportunity to cure as set forth in Section 3.08(b), as the result of Cinemark’s failure to repair or replace any Cinemark Equipment or Cinemark’s (or its Affiliates’) software installed at any Theatre, if such obligation to repair or replace is undertaken by Cinemark pursuant to Section 3.08(b) of its Exhibitor Services Agreement), (iii) with respect to the AMC Theatres: due to human or technical error within AMC’s or its Affiliates’ control, AMC’s failure to allow LLC to upgrade the Software or Equipment (subject to Section 3.05 of its Exhibitor Services Agreement), AMC’s failure to install Equipment pursuant to its obligations under Section 3.04 of its Exhibitor Services Agreement or, after notice and opportunity to cure as set forth in Section 3.08(b), as the result of AMC’s failure to repair or replace any AMC Equipment or AMC’s (or its Affiliates’) software installed at any Theatre, if such obligation to repair or replace is undertaken by AMC pursuant to Section 3.08(b) of its Exhibitor Services Agreement), or (iv) if such screen is an IMAX Screen that does not exhibit Inventory.

“Supplemental Theatre Access Fee” means an annual payment from LLC to Cinemark to supplement the amount of the Theatre Access Fee, payable only if the Aggregate Theatre Access Fee is less than twelve percent of Aggregate Advertising Revenue for the applicable fiscal year. The Supplemental Theatre Access Fee, if any, is equal to the product of (i) (A) twelve percent of Aggregate Advertising Revenue for the relevant fiscal year minus (B) the Aggregate Theatre Access Fee for the relevant fiscal year, and (ii) the Cinemark Attendance Ratio for the relevant fiscal year.

“Theatre Access Fee” means a monthly payment from LLC to Cinemark in consideration for Theatres’ participation in Advertising Services, which shall be the sum of (i) the Cinemark Theatre Access Pool and (ii) the 4.03 Theatre Access Fee.

“Theatre Access Fee per Digital Screen” means \$66.67 per month per Digital Screen as of the Effective Date through the end of LLC’s 2007 fiscal year and shall increase 5% annually thereafter.

“Theatre Access Fee per Patron” means a fee of \$0.07 per Theatre patron as of the Effective Date and shall increase 8% every five years, with the first such increase after the end of LLC’s 2011 fiscal year. Patrons are counted as set forth in the definition of Cinemark Attendance.

“Theatre Access Pool Percentage” means (i) the Aggregate Theatre Access Pool for the applicable fiscal month, divided by (ii) the difference between (A) Aggregate Advertising Revenue minus (B) Aggregate 4.03 Opt-In Revenue, for the applicable fiscal month.

“Theatre Maintenance Fee per Digital Cinema Screen” means, (i) beginning in the month in which the conversion of any screen in any auditorium in any Theatre to a Digital Cinema Screen either through Dual Interface Architecture or the ACE Solution) is initially completed and is operational for the exhibition of the Pre-Feature Program and LLC has delivered the LLC Confirmation with respect to such Digital Cinema Screen or (ii) beginning in the month in which a new-build auditorium with a Digital Cinema Screen is initially operational for the exhibition of the Pre-Feature Program as confirmed by LLC, a monthly payment in addition to the Theatre Access Fee per Digital Screen shall be made from LLC to Cinemark in the amount of \$[***] per month through the end of LLC’s 2011 fiscal year, which additional amount shall increase [***]% annually thereafter, with payment for (y) the first month to be pro rata based upon the number of days in such month in which the converted screen is operational and (z) the last month in the term of this Agreement (or the last month in which the Digital Cinema Equipment is not removed from such Digital Cinema Screen) to be [***]% of the applicable monthly payment then due. The amount of the Theatre Maintenance Fee per Digital Cinema Screen shall be the same regardless of whether the Dual Interface Architecture or the ACE Solution is chosen to deliver Advertising Services in any auditorium; provided that if Regal removes the Digital Cinema Equipment in any Digital Cinema Screen as permitted by Section 3.06, LLC shall no longer be liable to pay Regal the Theatre Maintenance Fee per Digital Cinema Screen with respect to such Digital Cinema Screen until such time as Projection System with respect to such Digital Cinema Screen is reinstalled.

In addition to the foregoing, the following terms have the meanings assigned in the Sections of this Agreement referred to in the table below:

<u>Term</u>	<u>Section</u>
Agreement	Preamble
4.03 Revenue	4.03
ACE Solution	Article 1
Advertising Services	Article 1
Affiliate	Article 1
Aggregate Advertising Revenue	Article 1
AMC Exhibitor Agreement	Article 1
AMC Theatre	Article 1
Beverage Agreement	Article 1
Cinemark	Preamble
Cinemark Equipment	Article 1
Digital Cinema Equipment	3.06

<u>Term</u>	<u>Section</u>
Digital Cinema Screen	Article 1
Digital Screen	Article 1
Digitized Theatre	Article 1
Dual Interface Architecture	Article 1
EBITDA	Article 1
Effective Date	Preamble
Encumbered Theatre	4.08
Equipment	Article 1
Founding Members	Article 1
IMAX Screens	4.13(b)
Inventory	Article 1
LLC	Preamble
LLC Confirmation	3.06(a)
Pre-Feature Program	Article 1
Projection System	Article 1
Regal Exhibitor Agreement	Article 1
Regal Theatre	Article 1
Software	Article 1
Theatres	Article 1

B. Exhibitor Allocation

Formula¹

Exhibitor Allocation = (Screen Factor * Cinemark Screen Ratio) + (Attendance Factor * Cinemark Attendance Ratio); where:

- (1) Screen Factor = 1 - Attendance Factor
- (2) Cinemark Screen Ratio = $\text{Cinemark Screen Count} / (\text{Regal Screen Count} + \text{Cinemark Screen Count} + \text{AMC Screen Count})$
 - (a) Screen Count (for each of Regal, Cinemark and AMC) = Screen Number for that exhibitor during the applicable measurement period
 - (b) Screen Number = $\text{Number of screens available in the exhibitor's Theatres on each day of the applicable measurement period to exhibit Inventory} / \text{Total number of days in the applicable measurement period}$
- (3) Attendance Factor = Percentage of advertising revenue attributable to contracts with pricing based on any factor other than number of screens (e.g., pricing based on attendance or flat fee) compared to total advertising revenue, as calculated on the first day of each fiscal quarter
- (4) Cinemark Attendance Ratio = $\text{Cinemark Attendance} / (\text{Regal Attendance} + \text{Cinemark Attendance} + \text{AMC Attendance})$
 - (a) Attendance (for each of Regal, Cinemark and AMC) = Total number of patrons in all of the exhibitor's Theatre auditoriums during the applicable measurement period

¹ The meaning of each term used in this exhibitor allocation formula is qualified by the Definitions section of this Schedule 1.

C. Theatre Access Fee

Formula² for Monthly Payments of Theatre Access Fee and Annual Payments of Supplemental Theatre Access Fee

Theatre Access Fee = Cinemark Theatre Access Pool + 4.03 Theatre Access Fee; where:

- (1) Cinemark Theatre Access Pool = Cinemark Theatre Access Attendance Fee + Cinemark Theatre Access Screen Fee
 - (a) Cinemark Theatre Access Attendance Fee = Theatre Access Fee per Patron * Cinemark Attendance
 - (i) Theatre Access Fee per Patron = \$0.07 per patron (subject to an increase of 8% every five years, with the first such increase occurring after the end of LLC's 2011 fiscal year)
 - (ii) Cinemark Attendance = Number of patrons in all Theatre auditoriums that exhibit the advertising
 - (b) Cinemark Theatre Access Screen Fee = Theatre Access Fee per Digital Screen * Cinemark Digital Screen Count
 - (i) Theatre Access Fee per Digital Screen = \$66.67 per Digital Screen (subject to a 5% annual increase, beginning after the end of LLC's 2007 fiscal year)
 - (ii) Cinemark Digital Screen Count = Number of screens in Digitized Theatres that exhibit advertising
- (2) 4.03 Theatre Access Fee = (Cinemark 4.03 Opt-In Revenue – Cinemark 4.03 Opt-Out Revenue) * Theatre Access Pool Percentage
 - (a) Cinemark 4.03 Opt-In Revenue = For each advertising campaign that is displayed by Cinemark and contains content not displayed by Regal or AMC pursuant to Section 4.03(i), (iii), (iv), (v) or (vi) of this Agreement, the aggregate of the products obtained from the following calculation:
 - 4.03 Revenue for that advertising campaign * (Cinemark Attendance / Aggregate 4.03 Opt-In Attendance)
 - (i) Cinemark Attendance = See Section B of this Schedule
 - (ii) Aggregate 4.03 Opt-In Attendance = Sum of Regal Attendance, Cinemark Attendance and AMC Attendance, as applicable, for the Founding Members that displayed such 4.03 content

² The meaning of each term used in this Theatre Access Fee formula and Supplemental Theatre Access Fee formula is qualified by the definitions in Section A of this Schedule 1.

- (b) Cinemark Opt-Out Revenue = For each advertising campaign that is not displayed in all Theatres pursuant to Cinemark's decision under Section 4.03(viii) or (ix) of this Agreement or lack of equipment to display the Video Display Program, the aggregate of the products obtained by the following calculation:
- 4.03 Revenue for that advertising campaign * (Cinemark 4.03 Opt-Out Attendance / 4.03 Participating Attendance)
- (i) Cinemark 4.03 Opt-Out Attendance = Cinemark Attendance during the applicable fiscal month at Theatres that did not display content pursuant to Section 4.03(viii) or (ix) of this Agreement or because of lack of equipment to display the Video Display Program
- (ii) 4.03 Participating Attendance = Sum of Regal Attendance, Cinemark Attendance and AMC Attendance at Theatres, Regal Theatres and AMC Theatres that displayed such content
- (c) Theatre Access Pool Percentage = Aggregate Theatre Access Pool / (Aggregate Advertising Revenue – Aggregate 4.03 Opt-In Revenue)
- (i) Aggregate Theatre Access Pool = Sum of Regal Theatre Access Pool + Cinemark Theatre Access Pool + AMC Theatre Access Pool
- (ii) Aggregate Advertising Revenue = LLC's revenue related to Advertising Services, except Event Sponsorships, revenue related to relationships with third parties that are not Founding Members and Advertising Services provided to Founding Members outside the provisions of this Agreement
- (iii) Aggregate 4.03 Opt-In Revenue = The aggregate of all 4.03 Revenue for each advertising campaign that any Founding Member opted not to display pursuant to Section 4.03(i), (iii), (iv), (v) or (vi).

Supplemental Theatre Access Fee = If Aggregate Theatre Access Fee < (12% * Aggregate Advertising Revenue): ((12% * Aggregate Advertising Revenue) – Aggregate Theatre Access Fee) * Cinemark Attendance Ratio; where:

- (1) Aggregate Theatre Access Fee = Sum of Theatre Access Fee plus the comparable theatre access fee payments made to Cinemark and AMC for the same period
- (2) Cinemark Attendance Ratio = See Section B of this Schedule

D. Exclusivity Run-Out Payment

Formula³ for Quarterly Payments

Exclusivity Run-Out Payment = [***]

³ The meaning of each term used in this Exclusivity Run-Out Payment formula is qualified by the definitions in Section A of this Schedule 1.

Schedules

2, 3, 4

SCHEDULE 2

“ACE Solution” Architecture

[***]

SCHEDULE 3

“Dual Interface” Architecture

[***]

SCHEDULE 4

“Low Resolution Projection System”

[***]

SCHEDULE A

**DCN Advertising
Equipment List for Separate Systems**

[***]

**DCN Advertising
Equipment List for Dual Interface**

[***]

**DCN Advertising
Equipment List for Full Integration**

[***]

**DBN Fathom
Equipment List using LCD Projector**

[***]

**DBN Fathom
Equipment List using Digital Cinema Projector**

[***]

NOTE: THIS DOCUMENT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. PORTIONS OF THIS DOCUMENT FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED HAVE BEEN REDACTED AND ARE MARKED HEREIN BY “[*]”. SUCH REDACTED INFORMATION HAS BEEN FILED SEPARATELY WITH THE COMMISSION PURSUANT TO THE CONFIDENTIAL TREATMENT REQUEST.**

AMENDED AND RESTATED

EXHIBITOR SERVICES AGREEMENT

**BETWEEN NATIONAL CINEMEDIA, LLC AND
REGAL CINEMAS, INC.**

DATED AS OF FEBRUARY 13, 2007

AND

AMENDED AND RESTATED AS OF DECEMBER 26, 2013

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**AMENDED AND RESTATED
EXHIBITOR SERVICES AGREEMENT**

THIS AMENDED AND RESTATED EXHIBITOR SERVICES AGREEMENT (this "Agreement") is entered into as of December 26, 2013 (the "Restated Effective Date") by and between National CineMedia, LLC, a Delaware limited liability company ("LLC"), and Regal Cinemas, Inc., a Tennessee corporation ("Regal," and with LLC, each a "Party" and collectively, the "Parties").

BACKGROUND

WHEREAS, American Multi-Cinema, Inc. ("**AMC**"), AMC Showplace Theatres, Inc. ("**AMC Showplace**"), Regal, Regal CineMedia Holdings, LLC ("**RCH**") and Cinemark Media, Inc. ("**Cinemark Media**") are parties to that certain Third Amended and Restated Limited Liability Company Operating Agreement, dated as of February 13, 2007, as amended (the "**LLC Agreement**"), which governs the rights and obligations of AMC, AMC Showplace, Regal, RCH and Cinemark Media (collectively, the "**Founding Members**") and National CineMedia, Inc. ("**National CineMedia**") as Members of the LLC; and

WHEREAS, LLC and Regal are parties to that certain Exhibitor Services Agreement dated as of February 13, 2007 (the "**Original Agreement**"), which has been subsequently amended by the Amendments (as defined below), pursuant to which LLC provides Regal certain advertising and digital programming services; and

WHEREAS, LLC and Regal are parties to that certain Amendment to Exhibitor Services Agreement dated as of November 5, 2008 (the "**First Amendment**"); and

WHEREAS, LLC and Regal are parties to that certain Second Amendment to Exhibitor Services Agreement dated as of October 1, 2010 (the "**Second Amendment**"); and

WHEREAS, LLC and Regal are parties to that certain Third Amendment to Exhibitor Services Agreement dated as of April 17, 2012 (the "**Third Amendment**"); the First Amendment, the Second Amendment and the Third Amendment are referred to herein as the "**Amendments**"; and

WHEREAS, in anticipation of (a) the assignment of LLC's rights and obligations under the Original Agreement, as amended by the Amendments, with respect to digital programming services to Alternative Content JV (as defined herein), (b) the assumption by Alternative Content JV of such rights and obligations and (c) LLC and Alternative Content JV entering into the Alternative Content Services Agreement (as defined herein), the Parties are hereby (x) dividing the Original Agreement, as amended by the Amendments, into two separate agreements, one of which will address rights and obligations of the Parties related to Advertising Services (as defined herein) and the other of which will address rights and obligations of the Parties related to digital programming services, (y) incorporating the Amendments (to the extent relating to Advertising Services) into this Agreement and amending and restating the Parties' respective rights and obligations as they relate to Advertising Services in this Agreement, and (z) incorporating the Amendments (to the extent relating to digital programming services) into, and amending and restating the Parties' respective rights and obligations as they relate to digital programming services in, a Digital Programming Exhibitor Services Agreement (as defined herein); and

NOW, THEREFORE, in consideration of the premises and mutual covenants in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, and, intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.01 Definitions . Within the context of this Agreement, the following terms shall have the following meanings:

“**3D**” means a digital format that is three dimensional and creates the illusion of depth perception.

“**3D Advertising Services**” has the meaning assigned to it in Section 4 of Exhibit A.

“**3D Content**” has the meaning assigned to it in Section 4.16(a).

“**3D Glasses**” means glasses worn by theatre patrons to enable them to view content in 3D that meet or exceed 3D Equipment supplier’s specifications and are approved by Exhibitor.

“**4.03 Revenue**” has the meaning assigned to it in Section 4.03.

“**ACE Solution**” means a delivery system in which the DCN screen player is eliminated, and the ACE (also referred to as an alternative content engine) interfaces directly with the TMS, as illustrated on Schedule 2. The ACE Solution is also known as “fully integrated”.

“**Acquisition Theatre(s)**” has the meaning assigned to it in Section 2.02(b).

“**Additional Lobby Promotions**” has the meaning assigned to it in Section 4.02(b).

“**Administrative Agent**” means (i) Barclays Bank PLC as administrative agent under the LLC Credit Agreement and any successors and assignees in accordance with the terms of the LLC Credit Agreement, (ii) Barclays Bank PLC as collateral agent with respect to the Senior Secured Notes and any successors and assignees in accordance with the terms of the Senior Secured Notes and (iii) any administrative agent or collateral agent that becomes party to any other secured debt to be entered into or issued by LLC after the Restated Effective Date.

“**Administrative Fee**” means the fee for services provided by LLC as requested by Regal in connection with delivery of content to Theatres.

“**Advertising Services**” means the advertising and promotional services (including the Digital Content Service, the Digital Carousel, the Traditional Content Program, Lobby Promotions, Event Sponsorships, Event Simulcast Advertising Services and 3D Advertising Services) as described in Exhibit A.

“**Affiliate**” means with respect to any Person, any Person that directly or indirectly, through one or more intermediaries Controls, is Controlled by or is under common Control with such Person. Notwithstanding the foregoing, (i) no Member shall be deemed an Affiliate of LLC, (ii) LLC shall not be deemed an Affiliate of any Member, (iii) no stockholder of REG, or any of such stockholder’s Affiliates (other than REG and its Subsidiaries) shall be deemed an Affiliate of any Member or LLC, (iv) no stockholder of Cinemark Holdings, or any of such stockholder’s Affiliates (other than Cinemark Holdings and its Subsidiaries) shall be deemed an Affiliate of any Member or LLC, (v) no stockholder of National CineMedia shall be deemed an Affiliate of National CineMedia, and (vi) National CineMedia shall not be deemed an Affiliate of any stockholder of National CineMedia.

“**Aggregate Advertising Revenue**” means, for the applicable measurement period, the total revenue, in the form of cash and non-cash consideration, payable to LLC for Advertising Services, excluding revenue payable to LLC related to (i) Event Sponsorship, (ii) Advertising Services provided to third parties that are not Founding Members, and (iii) Advertising Services provided to Founding Members outside the provisions of this Agreement pursuant to a written agreement between LLC and such Founding Members.

“**Agreement**” has the meaning assigned to it in the preamble of this Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

“**Alternative Agreement**” has the meaning assigned to it in Section 9.03(a).

“**Alternative Content JV**” means AC JV, LLC, a Delaware limited liability company, and its successors and assigns.

“**Alternative Content Services Agreement**” means that certain services agreement entered into between Alternative Content JV and LLC dated as of the date hereof pursuant to which, among other things, LLC shall provide Alternative Content JV with the advertising inventory described therein.

“**AMC**” has the meaning assigned to it in the recitals to this Agreement.

“**AMC Showplace**” has the meaning assigned to it in the recitals to this Agreement.

“**AMC Exhibitor Agreement**” means the Amended and Restated Exhibitor Services Agreement between LLC and AMC, dated of even date herewith, as the same may be amended, supplemented or otherwise modified from time to time.

“**Amendments**” has the meaning assigned to it in the recitals to this Agreement.

“**Assignment and Assumption**” has the meaning assigned to it in Section 15.08.

“**Bankruptcy Code**” means Title 11 of the United States Code (11 U.S.C. §101 et seq.), as amended from time to time.

“Beverage Agreement” means the Marketing, Advertising and Brand Presence Agreement by and between Coca-Cola North America, a division of The Coca-Cola Company, and Regal, dated as of October 30, 2001 and all exhibits and amendments thereto, as such agreement may be amended from time to time, and any subsequent agreements entered into by Regal and its beverage concessionaires at the expiration or termination of the agreement referenced above which is in effect on the Restated Effective Date.

“Beverage Agreement Advertising Rate” has the meaning assigned to it in Section 4.06(a).

“Beverage Compliance Report” has the meaning assigned to it in Section 4.10(b)(i).

“Brand” has the meaning assigned to it in Section 4.05(a).

“Branded Slots” has the meaning assigned to it in Section 4.05(a).

“Cinemark” means Cinemark USA, Inc., a Texas corporation.

“Cinemark Exhibitor Agreement” means the Amended and Restated Exhibitor Services Agreement between LLC and Cinemark, dated of even date herewith, as the same may be amended, supplemented or otherwise modified from time to time.

“Cinemark Holdings” means Cinemark Holdings, Inc. or its successor or any Person that wholly owns Cinemark Holdings, directly or indirectly, in the future.

“Cinemark Media” has the meaning assigned to it in the recitals to this Agreement.

“Client Limitation” has the meaning assigned to it in Section 4.07(b)(i).

“Common Unit Adjustment” has the meaning assigned to it in the LLC Agreement.

“Common Units” has the meaning assigned to in the LLC Agreement.

“Concessions” means popcorn, candy, and other food and beverage items sold at the concession stands in Theatres.

“Confidential Information” means all documents and information concerning any other Party hereto furnished it by such other Party or its representatives in connection with the transactions contemplated by this Agreement (together with confidential information, including but not limited to Intellectual Property and other Proprietary Information of the other Members and LLC), and shall include, by way of example and not limitation, the LLC Property, the Regal Property, the LLC Derived Works and the Regal Derived Works. Confidential Information shall also include all Confidential Information supplied by the Members and their Affiliates. Notwithstanding the foregoing, Confidential Information shall not include any information that can be shown to have been (i) previously known by the Party to which it is furnished lawfully and without breaching or having breached an obligation of such Party or the disclosing Party to keep such documents and information confidential, (ii) in the public domain through no fault of the disclosing Party, or (iii) independently developed by the disclosing Party without using or having used the Confidential Information.

“Control” (including the terms **“Controlled by”** and **“under common Control with”**), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

“Costs” has the meaning assigned to it in Section 11.01(a).

“CPI” means the monthly index of the U.S. City Average Consumer Price Index for Urban Wage Earners and Clerical Workers (All Items; 1982-84 equals 100) published by the United States Department of Labor, Bureau of Labor Statistics or any successor agency that shall issue such index. In the event that the CPI is discontinued for any reason, LLC shall use such other index, or comparable statistics, on the cost of living for urban areas of the United States, as shall be computed and published by any agency of the United States or, if no such index is published by any agency of the United States, by a responsible financial periodical of recognized authority.

“CPI Adjustment” means the quotient of (i) the CPI for the month of January in the calendar year for which the CPI Adjustment is being determined, divided by (ii) the CPI for January of 2007.

“Creative Services” has the meaning assigned to it in paragraph A of Exhibit B.

“DCI Spec Compliance” means compliance with (i) the Digital Cinema Specification Version 1.2 released on March 7, 2008 by Digital Cinema Initiatives, LLC and its errata; (ii) the DCI Stereoscopic Digital Cinema Addendum Version 1.0 released on July 11, 2007 and its errata; and (iii) any applicable specifications formally approved and adopted by SMPTE DC28, each as of March 10, 2010.

“DCIP” means Digital Cinema Implementation Partners, LLC, a Delaware limited liability company.

“Designated Services” has the meaning assigned to it in Section 9.03(a).

“Digital Carousel” means a loop of slide advertising with minimal branding and entertainment content which (i) is displayed before the Pre-Feature Program in Digitized Theatres via the Digital Content Network and (ii) is displayed before the Traditional Content Program in Non-Digitized Theatres via a non-digital slide projector.

“Digital Cinema Equipment” has the meaning assigned to it in Section 3.06(a).

“Digital Cinema Screen” means a screen in an auditorium in a Theatre that is equipped with Digital Cinema Equipment and such Digital Cinema Equipment is operational to provide the Advertising Services.

“Digital Cinema Services” means services related to the digital playback and display of feature films at a level of quality commensurate with that of 35 mm film release prints that includes high-resolution film scanners, digital image compression, high-speed data networking and storage, and advanced digital projection.

“Digital Content Network” means a network of LLC Equipment and third-party equipment and other facilities which provides for the electronic transmission of digital content, directly or indirectly, from a centrally-controlled location to Theatres, resulting in the “on-screen” exhibition of such content in such Theatres, either in Theatre auditoriums or on Lobby Screens.

“Digital Content Service” means the Pre-Feature Program, Policy Trailer and the Video Display Program.

“Digital Programming Event” means a digital programming event delivered live, substantially live or prerecorded including, without limitation, sports, music and comedy events exhibited in Theatres, but shall not include (a) the Pre-Feature Program, the Digital Programming Event Pre-Feature Program, the Digital Carousel or the Video Display Program, or (b) feature film content or (c) Event Trailers or Trailers. For purposes of this definition, “feature film content” shall not include (i) any form of content which is booked in the majority of the Theatres exhibiting such content for less than seven (7) consecutive days or (ii) anime, documentaries or classic movies.

“Digital Programming Exhibitor Services Agreement” means that certain amended and restated digital programming exhibitor services agreement entered into between LLC and Regal dated as of the date hereof and assigned to Alternative Content JV pursuant to which, among other things, Alternative Content JV will provide digital programming services to Regal.

“Digital Programming Event Pre-Feature Program” means a program of digital content of between twenty (20) and thirty (30) minutes in length that is distributed for exhibition in Theatres prior to the Showtime of a Digital Programming Event.

“Digital Programming Event Simulcast” has the meaning assigned to it in Section 4.17.

“Digital Screen” means a screen in an auditorium of a Digitized Theatre.

“Digitized Theatres” means all Theatres that are connected to the Digital Content Network, as of the Restated Effective Date, and all Theatres that subsequently connect to the Digital Content Network, as of the date such connection is established.

“Disposition” (including the term “Disposed”) has the meaning assigned to it in Section 2.03.

“Dual Interface Architecture” means a delivery system in which the SMS and the DCN screen player connect to the same digital cinema projector (one projector with two play-back servers), as illustrated on Schedule 3.

“**EBITDA**” means, for the applicable measurement period, earnings before interest, taxes, depreciation and amortization, all as defined by GAAP.

“**Encumbered Theatres**” has the meaning assigned to it in Section 4.08(a).

“**Equipment**” means the equipment and cabling, as prescribed by the terms of this Agreement, which is necessary to schedule, distribute, play, reconcile and otherwise transmit and receive the Advertising Services delivered by LLC pursuant to the terms of this Agreement, and a complete list of all such equipment located inside or on any Theatre building and the ownership thereof as of the Restated Effective Date is set forth in the Specification Documentation, as may be amended from time to time at the request of either Party.

“**ESA Payment Letter**” has the meaning assigned to it in Section 15.04.

“**ESA-Related Tax Benefit Payments**” has the meaning assigned to it in Section 1.1 of the Tax Receivable Agreement.

“**Event Simulcast Advertising Services**” has the meaning assigned to it in Section 2 of Exhibit A.

“**Event Sponsorship**” has the meaning assigned to it in Section 2 of Exhibit A.

“**Event Trailer**” means a promotion for a Digital Programming Event that is exhibited in the Theatres after Showtime.

“**Excluded Theatres**” has the meaning assigned to it in Section 4.13(a).

“**First Amendment**” has the meaning assigned to it in the recitals to this Agreement.

“**Flight**” has the meaning assigned to it in Section 4.01(a).

“**Founding Members**” has the meaning assigned to it in the recitals to this Agreement and shall include their respective Affiliates.

“**Future Theatres**” has the meaning assigned to it in Section 3.01.

“**GAAP**” means United States generally accepted accounting principles, consistently applied.

“**Governmental Authority**” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“**Group**” has the meaning used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934.

“**IMAX Screens**” has the meaning assigned to it in Section 4.13(b).

“**Indemnifying Party**” has the meaning assigned to it in Section 11.01(c).

“**Infringement**” has the meaning assigned to it in Section 12.02.

“**Initial Term**” has the meaning assigned to it in Section 9.01.

“**Intellectual Property**” means all intellectual property, including but not limited to all U.S., state and foreign (i) (A) patents, inventions, discoveries, processes and designs; (B) copyrights and works of authorship in any media; (C) trademarks, service marks, trade names, trade dress and other source indicators and the goodwill of the business symbolized thereby, (D) software; and (E) trade secrets and other confidential or proprietary documents, ideas, plans and information; (ii) registrations, applications and recordings related thereto; (iii) rights to obtain renewals, extensions, continuations or similar legal protections related thereto; and (iv) rights to bring an action at law or in equity for the infringement or other impairment thereof.

“**Inventory**” means any advertising or other content.

“**License Agreement**” means that certain Second Amended and Restated Software License Agreement, dated as of February 13, 2007, among LLC, AMC, Cinemark and Regal, as applicable, and as such agreement may be amended, supplemented or otherwise modified from time to time.

“**LLC Agreement**” has the meaning assigned to it in the recitals to this Agreement.

“**LLC Confirmation**” has the meaning assigned to it in Section 3.06(a).

“**LLC Credit Agreement**” means the Amended and Restated Credit Agreement dated as of November 26, 2012 among LLC, the several lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as syndication agent, Credit Suisse Securities (USA) LLC, MacQuarie Capital (USA) Inc. and Morgan Stanley Senior Funding, Inc., as co-documentation agents and Barclays Bank PLC, as the Administrative Agent, as amended, modified or supplemented from time to time and any extension, refunding, refinancing or replacement (in whole or in part) thereof.

“**LLC Derived Works**” has the meaning assigned to it in Section 13.02(a).

“**LLC Equipment**” means the Equipment owned by LLC pursuant to the terms of this Agreement.

“**LLC Marks**” means the trademarks, service marks, logos, slogans and/or designs owned by LLC or otherwise contributed by LLC for use under this Agreement, in any and all forms, formats and styles, including as may be used in the Brand (as defined herein), as may be modified from time-to-time all as notified to Regal from time to time by LLC.

“**LLC Property**” has the meaning assigned to it in Section 13.01(a).

“**LLC Quality Standards**” has the meaning assigned to it in Section 7.02(c).

“**Lobby Promotions**” has the meaning assigned to it in Section 1 of Exhibit A.

“**Lobby Screen**” means a plasma, LED or other type of screen displaying digital or recorded content that is located inside a Theatre and outside the auditoriums, or any other type of visual display mechanism that replaces such a screen. Lobby Screens shall not include, however, digital poster cases, digital animated poster cases, ATM or ticket kiosk screens (or such items that may replace digital poster cases or ATM or ticket kiosk screens in the future) or other substantially similar display mechanisms that display Theatre Advertising or promotional material that may include some or all of the following types of content: isolated images or still scenes from feature films or Digital Programming Events, full motion elements that are not a Trailer or an Event Trailer, interactive elements, audio elements and motion sensors and which content, considered singularly and collectively, is sufficiently limited in playtime and complexity such that it cannot reasonably be considered equivalent to a Trailer or an Event Trailer.

“**Loews Theatres**” mean the theatres acquired (and not divested under government order) by AMC Entertainment Inc. in connection with its merger with Loews Cineplex Entertainment Corporation completed on January 26, 2006.

“**Low Resolution Projection System**” means a digital projection system deployed in Theatres that (i) is not DCI Spec Compliant, (ii) has a maximum resolution less than 2K (i.e., a resolution of less than 2048×1080), and (iii) is similar in functionality to the low resolution projection systems currently deployed in Theatres, as illustrated on Schedule 4.

“**Marketing Materials**” has the meaning assigned to it in Section 7.02(a).

“**Member**” means each Person that becomes a member, as contemplated in the Delaware Limited Liability Act, of LLC in accordance with the provisions of the LLC Agreement and has not ceased to be a Member pursuant to the LLC Agreement.

“**National CineMedia**” has the meaning assigned to it in the recitals to this Agreement.

“**Newbuild Theatre(s)**” has the meaning assigned to it in Section 2.02(a).

“**Non-Assignable Legacy Agreement**” has the meaning assigned to it in Section 4.06(b)(ii).

“**Non-Digitized Theatres**” means Theatres that are not Digitized Theatres.

“**Original Agreement**” has the meaning assigned to it in the recitals of this Agreement.

“**Original Effective Date**” means February 13, 2007.

“**Party**” has the meaning assigned to it in the preamble of this Agreement.

“**Permitted Transfer**” means:

(a) by operation of law or otherwise, the direct or indirect change in control, merger, consolidation or acquisition of all or substantially all of the assets of LLC or Regal, as applicable, or the assignment of this Agreement by Regal to an Affiliate,

(b) with respect to the rights and obligations of LLC under this Agreement, (i) the grant of a security interest by LLC in this Agreement and all rights and obligations of LLC hereunder to the Administrative Agent, on behalf of the Secured Parties, pursuant to the Security Documents, (ii) the assignment or other transfer of such rights and obligations to the Administrative Agent (on behalf of the Secured Parties) or other third party upon the exercise of remedies in accordance with the LLC Credit Agreement, the Senior Secured Notes and/or any other secured debt to be entered into or issued by LLC after the Restated Effective Date and the Security Documents and (iii) in the event that the Administrative Agent is the initial assignee or transferee under the preceding clause (ii), the subsequent assignment or other transfer of such rights and obligations by the Administrative Agent on behalf of the Secured Parties to a third party, or

(c) in the event that LLC becomes a debtor in a case under the Bankruptcy Code, the assumption and/or assignment by LLC of this Agreement under section 365 of the Bankruptcy Code, notwithstanding the provisions of section 365(c) thereof.

“**Person**” means any individual, corporation, limited liability company, partnership, trust, joint stock company, business trust, unincorporated association, joint venture, Governmental Authority or other entity or organization of any nature whatsoever or any Group of two or more of the foregoing.

“**Play List**” has the meaning assigned to it in Section 4.01(a).

“**Policy Trailer**” has the meaning assigned to it in Section 4.05(b).

“**Pre-Feature Program**” means a program of digital content of between twenty (20) and thirty (30) minutes in length that is distributed by LLC through the Digital Content Network for exhibition in Digitized Theatres prior to Showtime of a feature film or other programming or event (other than a Digital Programming Event) or that is distributed non-digitally by some other means, including DVD, for exhibition prior to Showtime of a feature film or other programming or event (other than a Digital Programming Event) in Non-Digitized Theatres. For the avoidance of doubt, the definition of Pre-Feature Program shall not include any Digital Programming Event Pre-Feature Program.

“**Pre-Feature Programming Schedule**” means the schedule for the Pre-Feature Program as developed from time to time by LLC after consultation with Regal.

“**Projection System**” means, collectively, a digital projection system including at least the following components: a digital projector with a minimum resolution of 2K, a digital cinema playout system (server or media block) and a screen management system for the relevant Screen.

“**Proprietary Information**” means all Intellectual Property, including but not limited to information of a technological or business nature, whether written or oral and if written, however

produced or reproduced, received by or otherwise disclosed to the receiving Party from or by the disclosing Party that is marked proprietary or confidential or bears a marking of like import, or that the disclosing Party states is to be considered proprietary or confidential, or that a reasonable person would consider proprietary or confidential under the circumstances of its disclosure.

“**PSA Trailer**” means up to 30 seconds for Regal approved fundraising and that may contain the display of any trademark, service mark, logo or other branding of the charitable organizations sponsoring such fundraising that is exhibited in the Theatres after Showtime.

“**RCH**” has the meaning assigned to it in the recitals to this Agreement.

“**REG**” means Regal Entertainment Group or its successor or any Person that wholly owns REG, directly or indirectly, in the future.

“**Regal**” has the meaning assigned to it in the preamble of this Agreement.

“**Regal Derived Works**” has the meaning assigned to it in Section 13.02(b).

“**Regal Equipment**” means the Equipment owned by Regal.

“**Regal Information**” means all Confidential Information supplied by Regal and its Affiliates.

“**Regal Initial ESA Modification Payment**” has the meaning assigned to it in Section 2.05(a)(i).

“**Regal Legacy Agreement(s)**” means all pre-Original Effective Date agreements of Regal or its Affiliates, including without limitation such agreements relating to the purchase of advertising in Acquisition Theatres, pursuant to which services which fall within the definition of Advertising Services are provided and which are expected to result in the generation of revenue payable to Regal or its Affiliates on and after the Original Effective Date, but excluding the Beverage Agreement, agreements with third-party cinema advertising service providers (which give rise to Run-Out Obligations pursuant to Section 4.08) and agreements between Regal or its Affiliates and any theatres owned by third parties (including other Members or their Affiliates) regarding the exhibition of content, advertisements or promotions in such third-party theatres.

“**Regal Marks**” means the trademarks, service marks, logos, slogans and/or designs owned by Regal or otherwise contributed by Regal for use under this Agreement, in any and all forms, formats and styles, including as may be used in the Brand (as defined herein), as may be modified from time-to-time all as notified to LLC from time-to-time by Regal.

“**Regal Property**” has the meaning assigned to it in Section 13.01(b).

“**Regal Quality Standards**” has the meaning assigned to it in Section 7.03(c).

“**Renewal Term**” has the meaning assigned to it in Section 9.01(a).

“**Representatives**” has the meaning assigned to it in Section 11.01(a).

“Restated Effective Date” has the meaning assigned to it in the preamble of this Agreement.

“ROFR Notice” has the meaning assigned to it in Section 9.03(b).

“ROFR Period” has the meaning assigned to it in Section 9.03(a).

“ROFR Response” has the meaning assigned to it in Section 9.03(d).

“ROFR Response Period” has the meaning assigned to it in Section 9.03(d).

“Run-Out Obligations” has the meaning assigned to it in Section 4.08(a).

“Second Amendment” has the meaning assigned to it in the recitals to this Agreement.

“Secured Parties” means (i) the “Secured Parties” (or any analogous concept) as defined in the LLC Credit Agreement, (ii) Barclays Bank PLC (or any successor thereto), as Collateral Agent for the First-Lien Secured Parties (as defined in the Security Documents), (iii) the holders of any Notes Obligations (as defined in the Security Documents); (iv) Wells Fargo Bank, National Association (or any successor thereto), in its capacity as Trustee and authorized representative for the Senior Secured Notes and the holders of the Senior Secured Notes and (v) any other person acting in any analogous agency capacity or any other lender, noteholder or holder of secured debt, in each case in connection with any secured debt entered into or issued by LLC after the Restated Effective Date.

“Security Documents” means collectively, the “Security Documents” as defined in the LLC Credit Agreement and in the purchase agreement or the indenture for the Senior Secured Notes, and any amendment, modification, supplement or replacement of such Security Documents and any security documents to be entered into by LLC in connection with any LLC secured debt after the Restated Effective Date.

“Senior Secured Notes” means the 6.00% senior secured notes issued by LLC in April 2012, due in 2022.

“Showtime” means the advertised showtime for a feature film or a Digital Programming Event.

“Software” means the software owned by, and/or licensed to, LLC or its direct or indirect Subsidiaries and which is installed on either LLC Equipment or Regal Equipment and used in connection with delivery of the Digital Content Service and the Digital Carousel.

“Special Promotions” has the meaning assigned to it in Section 4.14.

“Specification Documentation” means documentation as specified herein, relating to technical specifications or other matters relating of this Agreement, that is delivered and agreed upon by the Parties on the Restated Effective Date.

“**Sponsor**” means any Person that, financially or through the provision of goods or services, supports the production, distribution, underwriting or marketing of a Digital Programming Event.

“**Sponsor Message**” means a marketing message from a Sponsor that may be exhibited under the conditions, restrictions and requirements identified herein.

“**Strategic LEN Promotions**” has the meaning assigned to it in Section 4.07(b)(ii).

“**Strategic Lobby Promotions**” has the meaning assigned to it in Section 4.07(b)(iii).

“**Strategic Programs**” has the meaning assigned to it in Section 4.07(b).

“**Strategic Relationship**” has the meaning assigned to it in Section 4.07(b).

“**Subsidiary**” means, with respect to any Person, (i) a corporation a majority of whose capital stock with the general voting power under ordinary circumstances to vote in the election of directors of such corporation (irrespective of whether or not, at the time, any other class or classes of securities shall have, or might have, voting power by reason of the happening of any contingency) is at the time beneficially owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation), including a joint venture, a general or limited partnership or a limited liability company, in which such Person, one or more Subsidiaries thereof or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, beneficially own a majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other Persons performing such functions) or act as the general partner or managing member of such other Person.

“**Supplemental Theatre Access Fee**” has the meaning assigned to it in Schedule 1.

“**Tax Receivable Agreement**” means that certain Tax Receivable Agreement by and among National CineMedia, LLC, RCH, AMC, Cinemark Media, Cinemark, and Regal, and dated as of February 13, 2007.

“**Term**” has the meaning assigned to it in Section 9.01.

“**Territory**” means the 50 states of the United States of America and the District of Columbia.

“**Theatre Access Fee**” has the meaning assigned to it in Schedule 1.

“**Theatre Advertising**” means advertisement of one or more of the following activities associated with operation of the Theatres of Regal or its Affiliates: (A) Concessions or Concession promotions, (B) Regal’s gift cards, loyalty programs and other items related to Regal’s business in the Theatres, (C) events or services presented by Regal including without limitation business meetings, church services or other events, or (D) vendors of services (other than film-related vendors or vendors for Digital Programming Events) provided to the Theatres, provided such promotion is incidental to the vendor’s service such as, but without limitation,

online or telephone ticketing or other alternative delivery sources for the same, credit cards, bank cards, charge cards, debit cards, gift cards and other consumer payment devices. Theatre Advertising includes the display of concession menus, movie listings, Showtimes and pricing information.

“Theatre Maintenance Fee per Digital Cinema Screen” has the meaning assigned to it in Schedule 1.

“**Theatres**” means from time-to-time, as applicable, all theatres in the Territory owned by Regal or an Affiliate of Regal or as to which Regal or an Affiliate of Regal has a controlling interest or operational control, including both Digitized Theatres and Non-Digitized Theatres, except as provided in Sections 2.02(b), 4.08 and 4.13 or as may be mutually agreed by the Parties in writing. The foregoing notwithstanding, no motion picture theatre located outside of the Territory shall be a Theatre without LLC’s prior written consent. Theatre includes all parts of the physical facilities inside a theatre building to which the public has access.

“**Third Amendment**” has the meaning assigned to it in the recitals to this Agreement.

“**Third Party Theatre Agreement**” means an agreement between LLC and a third party that gives LLC a right to provide Advertising Services with respect to the Theatres being Disposed of by a Founding Member to such third party and that meets the following minimum requirements: (i) the third party grants LLC exclusive access to and the exclusive right to provide Advertising Services with respect to the Theatres; (ii) the Third Party Theatre Agreement incorporates content standards no more restrictive than as set forth in section 4.03 of this Agreement; (iii) the fee payable by LLC to the third party for the Advertising Services does not exceed [***]% of LLC’s total revenue attributable to such Advertising Services; (iv) the term of the Third Party Theatre Agreement (excluding extensions) is for the shorter of (A) the term of the longest lease (excluding extensions) being Disposed of by the Founding Member in the transaction, or (B) [***]; (v) LLC has substantially similar penalties upon a breach of the Third Party Theatre Agreement by such third party than as set forth in this Agreement for breaches by such Founding Member; and (vi) in all other material respects, the Third Party Theatre Agreement imposes obligations upon the third party that are substantially similar to the obligations imposed upon the Founding Member in this Agreement, except that obligations arising exclusively from such Founding Member’s status as a Founding Member shall be inapplicable to the third party.

“**TMS**” means a digital cinema theatre management server.

“**Traditional Content Program**” means advertising and other promotional content which is displayed on 35 mm film prior to Showtime.

“**Trailer**” means a promotion secured by Regal or its designee (which retains the exclusive rights to so secure for all of its Theatres) for a feature film or other programming, other than a Digital Programming Event that is exhibited in the Theatres after Showtime.

“**Unit Adjustment Agreement**” means that certain Common Unit Adjustment Agreement dated as of February 13, 2007 among National CineMedia, LLC, RCH, AMC, Cinemark Media, Cinemark, and Regal.

“**Upgrade Request**” has the meaning assigned to it in Section 3.05.

“**Video Display Program**” means a program of digital content exhibited on Lobby Screens which is distributed by LLC through the Digital Content Network for exhibition in Digitized Theatres, and which is distributed non-digitally by some other means, including DVD, for exhibition in Non-Digitized Theatres.

ARTICLE 2

PARTICIPATION AND FEES

Section 2.01 Theatre Service Participation. From the Original Effective Date and during the Term, LLC shall provide all aspects of the Advertising Services to Regal and Regal shall exhibit and otherwise participate in such aspects of the Advertising Services, on the terms and conditions set forth herein. Subject to the provisions of Section 4.08 (Regal Run-Out Obligations), during the Term all Theatres will participate in the Advertising Services either as Digitized Theatres or Non-Digitized Theatres.

(a) **Digitized Theatres.** As of the Original Effective Date and during the Term, pursuant to the terms of Section 4.01 (Content and Distribution of the Digital Content Service and Traditional Content Program), LLC will provide the following Advertising Services to the Digitized Theatres, and all Digitized Theatres will, subject to the terms of Section 4.12 (Customer Access to Pre-Feature Program), participate in (i) the Pre-Feature Program, (ii) the Policy Trailer and (iii) the Video Display Program. Additionally, LLC may provide the Digital Carousel during the period beginning after the preceding feature film (or, in the case of the first feature film of the day, beginning after the opening of the auditorium doors for that film) until the beginning of the Pre-Feature Program and, if LLC provides the Digital Carousel, then all Digitized Theatres will, subject to the terms of Section 4.12 (Customer Access to Pre-Feature Program), participate in the Digital Carousel.

(b) **Non-Digitized Theatres.** As of the Original Effective Date and during the Term, pursuant to the terms of Section 4.01 (Content and Distribution of the Digital Content Service and Traditional Content Program), LLC will provide the following Advertising Services to the Non-Digitized Theatres, and all Non-Digitized Theatres will, subject to the terms of Section 4.12 (Customer Access to Pre-Feature Program), participate in (i) the Traditional Content Program, (ii) the Policy Trailer and (iii) the Video Display Program, but with respect to participation of Non-Digitized Theatre’s participation in the Video Display Program, only to the extent that a Non-Digitized Theatre has at least one Lobby Screen and has the requisite equipment necessary to participate in the Video Display Program. Additionally, LLC may provide the Digital Carousel during the period beginning after the preceding feature film (or, in the case of the first feature film of the day, beginning after the opening of the auditorium doors for that film) until the beginning of the Traditional Content Program, and, if LLC provides the Digital Carousel, then all Non-Digitized Theatres will, subject to the terms of Section 4.12

(Customer Access to Pre-Feature Program), participate in the Digital Carousel. No Non-Digitized Theatre will be obligated to participate in, nor will LLC be obligated to provide to any Non-Digitized Theatre, the Pre-Feature Program.

(c) Lobby Promotions. LLC shall provide Lobby Promotions to Theatres and Theatres shall participate in Lobby Promotions as described in Section 4.02.

(d) Modifications. The Parties agree that the rights and obligations to provide and participate in elements of the Advertising Services, as set forth immediately above, may be modified during the Term upon mutual written agreement of the Parties.

(e) Conversion of Theatres. No Digitized Theatre shall become a Non-Digitized Theatre without the mutual agreement of Regal and LLC. Regal will determine from time to time which Non-Digitized Theatres will be converted to Digitized Theatres.

(f) Rights to Transfer Theatres. The Parties agree that nothing in this Agreement is intended to, nor shall, bind or otherwise limit Regal's or its Affiliates' rights and abilities in its sole discretion from time to time to close, sell, acquire or otherwise transfer any interest in (including by mortgage or otherwise) any theatre.

Section 2.02 Addition of Theatres.

(a) Newbuild Theatres. Except as provided in Section 4.13 (Excluded Theatres; IMAX Screens) or as mutually agreed by the Parties in writing, any theatre in the Territory newly built by Regal or an Affiliate of Regal following the Original Effective Date ("**Newbuild Theatres**") shall be equipped to receive the Digital Content Service via the Digital Content Network, shall be a Digitized Theatre, and shall participate in the Digital Content Service on the terms set forth in Section 2.01. LLC agrees to provide all aspects of the Advertising Services to Newbuild Theatres on the terms and conditions set forth herein.

(b) Acquisition Theatres. Any theatre in the Territory of which Regal or an Affiliate of Regal obtains control of the advertising or promotional activities therein after the Original Effective Date (excluding any Newbuild Theatres and any Loews Theatre) shall be an "**Acquisition Theatre(s)**". Subject to Sections 4.08 and 4.13, LLC shall provide all aspects of the Advertising Services to such Acquisition Theatres and Regal shall cause such Acquisition Theatres to exhibit and participate in the Advertising Services on the terms and conditions set forth herein. The Parties agree that Regal may obtain operational control of an Acquisition Theatre but not obtain any or all rights necessary to receive or display any or all aspects of the Advertising Services or control over advertising or promotions but not over all of the foregoing, and, in such circumstances Regal shall use its commercially reasonable efforts to have as much of the Advertising Services received or displayed in such Acquisition Theatres as is within its control, or if not, then as reasonably practicable. The Parties agree that it may not be commercially reasonable to equip each Acquisition Theatre to receive the Digital Content Service via the Digital Content Network. Therefore, the Parties agree, subject to Sections 4.08 and 4.13, that every Acquisition Theatre that is a Digitized Theatre shall participate in the Digital Content Service via the Digital Content Network on the terms set forth in Section 2.01, but that Regal retains sole discretion as to if, when and which Acquisition Theatres Regal converts to

Digitized Theatres. Upon Regal's decision to convert an Acquisition Theatre to a Digitized Theatre, the Parties agree to discuss in good faith the appropriate schedule for equipping such Acquisition Theatre to receive the Digital Content Service via the Digital Content Network. Upon agreeing upon the schedule to conduct such equipping, LLC shall diligently prosecute such work until completion.

(c) Common Unit Adjustment. Any adjustment of Common Unit ownership by the Members related to Newbuild Theatres and Acquisition Theatres shall be addressed in the Unit Adjustment Agreement.

Section 2.03 Disposition of Theatres.

(a) Disposition. Regal shall provide LLC prompt written notice after the sale, transfer, permanent closure or other disposition of a Theatre (other than as the result of a Permitted Transfer) or the permanent loss of any Theatre lease (a "**Disposition**"). The decision to sell, close or otherwise dispose of any Theatre shall be in Regal's sole and absolute discretion. Any such Theatre shall cease to be a Theatre for all purposes under this Agreement; and, if so determined by Regal and agreed by LLC (which agreement shall not be unreasonably or untimely withheld), then unless LLC and the applicable third party(ies) enter into a Third Party Theatre Agreement, then the Parties will agree on a date and time at which LLC shall be permitted to enter the affected Theatre(s) and remove any LLC Property. In the event LLC fails to remove any LLC Property within the timeframe the Parties agree upon for such removal, Regal or such third party transferee shall have the right to remove and dispose of such LLC Property in its sole discretion; provided that any Software included in the LLC Property shall be removed and returned to LLC at LLC's expense.

(b) Common Unit Adjustment. Any adjustment of Common Unit ownership by the Members related to Disposition of Theatres shall be addressed in the Unit Adjustment Agreement.

Section 2.04 Mandatory Participation. During the Term, except as expressly provided in this Agreement, including Sections 4.01(b) (Pre-Feature Programs), 4.01(c)(ii) (Video Display Programs), 4.02(e) (Alternative Content Lobby Promotions), 4.05 (Brand; Policy Trailer; Branded Slots), 4.06(a) (Beverage Agreements), 4.07 (Other Regal Advertising Agreements), 4.08 (Regal Run-Out Obligations), 4.11(b) (Event Trailers), 4.13 (Excluded Theatres; IMAX Screens), 4.14 (Grand Openings; Popcorn Tubs; Employee Uniforms), 4.17(a) and (b) (Digital Programming Event Simulcast), 4.18 (Event Sponsorships; Sponsor Message) and Exhibit A, Regal shall subscribe for and LLC shall be the exclusive provider to the Theatres of the services specifically set forth in the definition of the "Advertising Services." Except as expressly provided in this Agreement, during the Term, Regal shall neither engage nor permit a third party (excluding third party designees of LLC as provided hereunder) to provide, or itself provide, to a Theatre any of the services specifically set forth in the definition of "Advertising Services" set forth in Exhibit A. Nothing in this Agreement shall limit or affect (i) LLC's ability to contract or enter into any relationship with any Person or entity for any product, service, or otherwise, whether or not similar to any products or services provided by LLC under this Agreement, or (ii) Regal's ability to contract or enter into any relationship with any Person or entity for any product, service, or otherwise, other than the services that will be provided

exclusively by LLC as set forth in this Section 2.04. All rights with respect to advertising and promotions not explicitly granted hereunder are reserved to Regal, including without limitation Regal's ability to offer and sell advertising to any third party on any website on the Internet, its telephone ticketing service or other alternative media sources used for ticketing.

Section 2.05 ESA Modification Payments; Theatre Access Fees.

(a) ESA Modification Payments.

(i) Regal Initial ESA Modification Payment. As of February 13, 2007, and in consideration for Regal's agreement to use a Theatre Access Fee calculation and payment mechanism (as described in Section 2.05(b)) in connection with LLC's utilization of the Theatres on and after the Original Effective Date of this Agreement, LLC has paid to Regal \$281,024,120 (such amount being the "**Regal Initial ESA Modification Payment**").

(ii) ESA-Related Tax Benefit Payments. After February 13, 2007, and in consideration for Regal's agreement to use a Theatre Access Fee calculation and payment mechanism (as described in Section 2.05(b)) in connection with LLC's utilization of the Theatres on and after the Original Effective Date of this Agreement, LLC has paid and will continue to pay any ESA-Related Tax Benefit Payments to Regal, pursuant to the terms of the Tax Receivable Agreement.

(iii) Adjustments. The Regal Initial ESA Modification Payment will be subject to contingent and ongoing adjustments, pursuant to the Unit Adjustment Agreement.

(b) Theatre Access Fees.

(i) Calculation. In consideration for utilization of the Theatres pursuant to the terms hereof, LLC shall calculate and Regal shall be entitled to receive a Theatre Access Fee, as set forth in Schedule 1, which shall be paid based on Regal's attendance for the relevant fiscal month in which LLC provides the Advertising Services and number of Digital Screens during the fiscal month in which LLC provides the Advertising Services (calculated as the average between the number of Digital Screens on the last day of the fiscal month preceding the relevant fiscal month in which LLC provides the Advertising Services and the last day of the fiscal month in which LLC provides the Advertising Services), and which shall include the amount of 4.03 Revenue allocated to Regal for the same fiscal month.

(ii) Payment. LLC shall pay Regal its Theatre Access Fees on or before the last day of LLC's fiscal month following the fiscal month in which Advertising Services are provided by LLC; provided that Regal has, by the fourteenth day of LLC's fiscal month following the month in which Advertising Services are provided by LLC, given LLC the data regarding attendance and number of Digital Screens necessary for LLC to calculate the Theatre Access Fee. If Regal has not, by the fourteenth day of LLC's fiscal month following the month in which Advertising Services are provided by LLC, given LLC the data regarding attendance and number of Digital Screens necessary for LLC to calculate the Theatre Access Fee, the due date of the Theatre Access Fee payment shall be extended by one day for each day that Regal is late in providing such data. LLC shall provide Regal with a detailed accounting of the calculation of Theatre Access Fees pursuant to Schedule 1, which report shall accompany each such payment.

(iii) Supplemental Theatre Access Fee. If applicable, LLC shall pay Regal a Supplemental Theatre Access Fee, as set forth in Schedule 1, on or before the last day of LLC's fiscal month following the end of LLC's applicable fiscal year.

(iv) Theatre Maintenance Fee per Digital Cinema Screen. If applicable, LLC shall pay Regal the Theatre Maintenance Fee per Digital Screen, as set forth in Schedule 1, along with and at the same time as the Theatre Access Fee, beginning with the first month in which a LLC Confirmation is delivered to Regal.

Section 2.06 Non-Cash Consideration. Any Aggregate Advertising Revenue that LLC receives in the form of non-cash consideration shall be valued as revenue in accordance with GAAP. If LLC's value of non-cash consideration received under any arrangement exceeds \$500,000 but is not greater than \$5 million from any party in a single transaction or series of related transactions, such value shall be confirmed by National CineMedia, if it is LLC's managing member, or LLC's then managing member. If LLC's value of non-cash consideration received under any arrangement exceeds \$5 million from any party in a single transaction or series of related transactions, LLC shall engage an independent qualified appraiser to determine the fair market value of such non-cash consideration. Notwithstanding the foregoing, no confirmation or appraisal of value shall be required for LLC's acquisition of tickets from Founding Members at their published group sale price in exchange for advertising at LLC's rate card rate.

ARTICLE 3

EQUIPMENT

Section 3.01 Procurement; Cost; Specifications. The Parties agree that all Theatre-level Equipment required to exhibit and otherwise participate in the Advertising Services on the terms and conditions set forth herein has been installed in all Theatres as of the Original Effective Date. With respect to all Newbuild Theatres, Acquisition Theatres, and Theatres which are converted from Non-Digitized Theatres to Digitized Theatres or from Digitized Theatres to Non-Digitized Theatres after the Original Effective Date (collectively, the "**Future Theatres**"), LLC shall, except as provided in Section 3.03, be solely responsible for procuring any Equipment for such Theatres. LLC shall bear the cost of all Equipment for use outside the Theatres, as well as Equipment installed in the Theatres for maintenance purposes (if any) (a description of such LLC Equipment installed in the Theatres is included in the Specification Documentation; which may be amended by mutual written agreement of the Parties) and the Software. Regal shall reimburse LLC, at LLC's cost, for all other Equipment to be installed at or within any Future Theatres (a description of such Regal Equipment is included in the Specification Documentation; which may be amended by mutual written agreement of the Parties) within thirty (30) days after (i) the installation of such Equipment by Regal or LLC in accordance with Section 3.04 and (ii) the delivery of invoices by LLC to Regal supporting the expenses for which reimbursement is sought. All Theatre-level operational costs associated with Regal's use of Equipment located in the Theatres, such as the cost of electricity, shall be borne

exclusively by Regal. LLC shall assure that the Equipment purchased by LLC satisfies Regal's specifications for such equipment, including the communication interface between LLC Equipment and Regal Equipment.

Section 3.02 Ownership of Equipment. As between the Parties, each Party will own the Equipment it pays for or reimburses the other Party for, whether pursuant to Section 3.01 or Section 3.03. To the extent possible, LLC agrees to assign to Regal any manufacturer warranties applicable to Regal Equipment procured by LLC pursuant to Section 3.01. If for any reason the aforementioned warranties are not assignable, upon written request of Regal, LLC shall use commercially reasonable efforts to enforce the warranties on behalf of Regal. Notwithstanding anything to the contrary herein, any LLC Equipment placed or installed in a Theatre for maintenance purposes may, upon termination of this Agreement or deletion of a particular Theatre as provided herein, as applicable, be removed by LLC and held for its sole benefit.

Section 3.03 Regal Equipment. Regal shall be permitted to furnish any of the Equipment, at its sole cost and expense, upon consultation with LLC, and provided such Equipment satisfies LLC's specifications for such Equipment (including compatibility with the Digital Content Network). LLC agrees to cooperate with Regal in good faith to permit the procurement by Regal of Equipment in lieu of procurement of such Equipment by LLC and reimbursement by Regal pursuant to Section 3.01.

Section 3.04 Installation.

(a) Performance. Regal and/or its subcontractors shall be solely responsible for the installation of all Equipment purchased pursuant to Section 3.01 or Section 3.03, as well as for ancillary services such as reporting, software integration and system cutover; provided, however, that Regal may elect to have LLC perform such services, and LLC shall then assume the responsibility for installation of all Equipment. If Regal elects for LLC to assume the responsibility for installation of all Equipment, (i) Regal shall reimburse LLC for the cost of installing Regal Equipment as set forth in the Specification Documentation, (ii) LLC will not issue invoices for any Equipment cost, or installation services related to such Equipment until the completion of such installation services, and (iii) LLC shall ensure that Equipment installed pursuant to this section is made functional in accordance with any installation rollout schedule agreed to by the Parties, as may be amended from time to time upon mutual agreement of the Parties or as circumstances warrant.

(b) Consultation; Landline. The Parties agree to consult with each other with respect to any modifications to Theatre premises necessary for receipt of the Advertising Services. LLC shall use commercially reasonable efforts to limit the size and number of satellite dishes that are required as part of the Equipment. Regal shall be solely responsible for obtaining any consents required for the installation or use of any Equipment at any Theatre, including without limitation governmental and landlord consents, provided LLC reasonably cooperates with Regal at Regal's request in obtaining such consents. If Regal cannot obtain consent to installation of a satellite dish at a Theatre because of technical, landlord or legal restrictions, Regal and LLC shall work together in good faith to establish a landline connection to such location for the Digital Content Network. All costs of the landline connection, which shall be maintained with sufficient bandwidth for delivery of the Digital Content Service, shall be borne by LLC with respect to delivery of content from LLC to Regal's wide area network and by Regal with respect to delivery of content from Regal's wide area network to the applicable Theatres.

(c) **Coordination.** All installation, maintenance and other services provided by LLC to the Theatres hereunder shall be performed in a manner reasonably expected not to disrupt Regal's operations and, except where no practical alternative exists, shall be provided outside of Theatre business hours, as mutually determined by the Parties in their reasonable discretion. Subject to the preceding sentence and upon advance written notice, LLC and its vendors or subcontractors shall be provided reasonable access to the Theatres and such other support services as reasonably required to install and inspect the Equipment, for such fees as provided in the Specification Documentation, and otherwise as required to perform LLC's obligations under this Agreement. In addition to the foregoing, and with respect to the installation of Equipment in Newbuild Theatres only, LLC agrees (i) to cooperate with Regal in coordinating the installation of Equipment with the construction schedule for such Newbuild Theatres, and (ii) to consult with Regal prior to subcontracting the performance of Equipment installation so as to permit a determination of whether Regal might itself perform such Equipment installation.

Section 3.05 Upgrades and Modifications. In order to ensure compatibility with, and optimum performance and robustness of, the Digital Content Network and the LLC Equipment (including hardware and software), LLC reserves the right to request of Regal the replacement, upgrade or modification of any Regal Equipment installed at any Theatre or the assistance with an upgrade to Software on Regal Equipment; provided that such requests are equally and timely communicated to each of Regal, AMC and Cinemark (the "**Upgrade Request**"). In the event of an Upgrade Request, LLC shall provide Regal as much written notice as is reasonably practicable under the circumstances, but in no event less than ten (10) business days written notice. LLC and Regal will negotiate with each other in good faith on the terms of any Upgrade Requests, including cost sharing terms, if any. If LLC and Regal are not able to come to agreement about an Upgrade Request, LLC may elect to pay for the replacements, upgrades or modifications contained in the Upgrade Request including all reasonable incidental and incremental costs to Regal, and Regal shall be obligated to permit LLC to perform all necessary work to fulfill the Upgrade Request, provided (i) there is no additional unreimbursed cost to it to accept such replacement, upgrade or modification and (ii) that such replacement, upgrade or modification does not unreasonably interfere with Regal's theatre operations and does not include any replacement, upgrade or modification of Regal software without Regal's express prior written consent. LLC agrees that, to the extent practicable, it will develop a system that seeks to minimize the need to enter the Theatres in order to update the Software.

Section 3.06 Conversion of Theatres to Digital Cinema Equipment.

(a) **Conversion of Digitized Theatres.** During the Term and at its sole option, Regal may choose to install a Projection System in one or more auditoriums in any Digitized Theatre. As between Regal and LLC, Regal will be responsible for purchasing, installing and maintaining the Projection Systems selected by Regal. After the installation of a Projection System in an auditorium in a Digitized Theatres, Regal, at its sole option, may elect to convert the manner in which the Advertising Services are exhibited in such auditorium from the existing Low Resolution Projection System to either a Dual Interface Architecture or the ACE Solution.

Upon such conversion, such Projection Systems shall constitute Regal Equipment under this Agreement (the “**Digital Cinema Equipment**”), including, but not limited to, the Equipment set forth on Schedule A. During such conversion, Regal shall be responsible for connecting the Equipment, including LLC Equipment, to the Regal Equipment in a functional manner as mutually agreed by Regal and LLC. LLC shall be responsible for providing specifications and process instructions to Regal for such connectivity in advance of the scheduled conversion; provided that such specifications and process instructions shall not require Regal to acquire any additional equipment or software in order to effectuate such connectivity unless such additional equipment or software is purchased by LLC and does not render such Digital Cinema Equipment not DCI Spec Compliant. Once LLC receives notice from Regal that a Projection System has been installed in a given auditorium and that Regal has elected to convert the Advertising Services to such Projection System, LLC and Regal shall have the responsibility to jointly test such conversion to ensure that the Digital Cinema Equipment is operational to provide the Advertising Services. LLC and Regal hereby agree that the Auditoriums listed on Schedule 3.06(a) have Digital Cinema Equipment operational to provide Advertising Services as of October 1, 2010. If the conversion is operational to provide the Advertising Services, LLC shall notify Regal in writing (the “**LLC Confirmation**”). If the conversion is not operational to provide the Advertising Services, LLC and Regal shall cooperate to make the system operational to provide the Advertising Services. The Parties agree that LLC shall have 60 days, which shall include all testing, following receipt of notice from Regal that a Projection System has been installed and is capable of receiving the Advertising Services in a given auditorium to complete the conversion in such auditorium. Until the testing of the conversion has been completed and approved, Regal shall not be permitted to remove the Low Resolution Projection System from such auditorium. After a conversion of an auditorium has been completed and approved, Regal may, in certain limited circumstances, replace the Digital Cinema Equipment with 35mm projection. In such event Regal shall reinstall Low Resolution Projection Systems in order to deliver the Advertising Services in such auditoriums and Regal will no longer be required to exhibit 3D Advertising Services in such auditoriums.

(b) Non-Digital Theatres. During the Term and at its sole option, Regal may choose to install a Projection System in one or more auditoriums in any Non-Digitized Theatre. As between Regal and LLC, Regal will be responsible for purchasing, installing and maintaining the Projection Systems selected by Regal. After the installation of a Projection System in an Auditorium in a Non-Digitized Theatre, Regal, at its sole option, may elect to convert such Non-Digitized Theatre to a Digitized Theatre. Upon such conversion, such Projection Systems shall constitute Digital Cinema Equipment under this Agreement. During such conversion, Regal shall be responsible for connecting the Equipment, including LLC Equipment, to the Regal Equipment in a functional manner as mutually agreed by Regal and LLC. LLC shall be responsible for providing specifications and process instructions to Regal for such connectivity in advance of the scheduled conversion; provided that such specifications and process instructions shall not require Regal to acquire any additional equipment or software in order to effectuate such connectivity. Once LLC receives notice from Regal that a Projection System has been installed in a given auditorium and that Regal has elected to convert such Non-Digitized Theatre to a Digitized Theatre, LLC and Regal shall have the responsibility to jointly test such conversion to ensure that the Equipment is operational to provide the Advertising Services. If the conversion is operational to provide the Advertising Services, LLC shall provide Regal with

a LLC Confirmation. If the conversion is not operational to provide the Advertising Services, LLC and Regal shall cooperate to make the system operational to provide the Advertising Services. The Parties agree that LLC shall have 60 days, which shall include all testing, following receipt of notice from Regal that a Projection System has been installed and is capable of receiving the Advertising Services in a given auditorium to complete the conversion in such auditorium. After a conversion of an auditorium has been completed and approved, Regal may, in certain limited circumstances, replace the Digital Cinema Equipment with 35mm projection. In such event Regal shall install Low Resolution Projection Systems in order to deliver the Advertising Services in such auditoriums and Regal will no longer be required to exhibit 3D Advertising Services in such auditoriums.

(c) Maintenance Obligations. At the time any Digital Cinema Equipment is used to deliver Advertising Services hereunder, whether using a Dual Interface Architecture or the ACE Solution, LLC shall have no further obligation to maintain the Low Resolution Projection System in that auditorium or to remove or dispose of such projection system. LLC shall continue to be responsible for maintaining the Equipment, including the LLC Equipment and any remaining Low Resolution Projection Systems in use at such Digitized Theatre, pursuant to the terms of this Agreement, as identified on Schedules 2, 3 and 4. Regal shall continue to be responsible for maintaining all Regal Equipment, including the Digital Cinema Equipment.

(d) Dual Interface Architecture or ACE Solution. Subject to the requirements and procedures set forth in Section 3.06(a) or (b) as applicable nothing in this Section 3.06 shall prohibit Regal from implementing either a Dual Interface Architecture or the ACE Solution or from switching from a Dual Interface Architecture to the ACE Solution or vice-versa. In addition, in certain limited circumstances, Regal may replace the Digital Cinema Equipment with 35mm projection in specific auditoriums and, in such circumstances, Regal shall reinstall Low Resolution Projection Systems in order to deliver the Advertising Services in such auditoriums on the same terms and conditions as existed prior to the initial conversion to either a Dual Interface Architecture or ACE Solution, as applicable. For any auditorium converted to the ACE Solution, LLC shall be responsible for all costs necessary to provide the Advertising Services for each Play List in the SMPTE format described in Section 4.01(a), and Regal will be responsible for all costs necessary to receive the Advertising Services content into Regal's TMS and append the digital cinema playlist to provide LLC substantially the same functionality that existed before the conversion to the ACE Solution.

(e) Conversion Reporting. Regal will provide LLC with a weekly report setting forth (i) a list of the auditoriums in each Digitized Theatre that Regal intends to convert the Advertising Services to Dual Interface Architecture or ACE Solution and the time frame thereof, (ii) a list of the auditoriums in each Non-Digitized Theatre that Regal intends to convert to auditoriums in a Digitized Theatre using a Dual Interface Architecture or ACE Solution and the time frame thereof, and (iii) a list of the auditoriums in each Theatre as to which Digital Cinema Equipment is being used for Advertising Services.

(f) Integration. The Parties shall cooperate in good faith during the conversion process contemplated by this Section 3.06. Once LLC receives notice from Regal that a Projection System has been installed in a given auditorium and Regal has elected to convert the Advertising Services to such Projection System, LLC shall reimburse Regal for

incremental costs incurred by Regal resulting from delays by LLC in completing the integration within 60 days following receipt of notice from Regal that a Projection System has been installed in a given auditorium.

Section 3.07 Training. To the extent necessary, LLC and Regal, respectively, will provide training services to Regal's support staff and customer service and other employees and agents on terms as mutually agreed by the Parties in their reasonable discretion. LLC agrees that it will pay for these training services and they will be adequate to permit Regal to train its own employees and agents as required to perform under this Agreement. Regal agrees to provide training services according to any reasonable standards as may be promulgated by LLC in consultation with Regal. LLC agrees to provide training services, at its cost, to Regal's support staff and other employees with respect to any Equipment or Software upgrades or modifications prior to implementation.

Section 3.08 Equipment Maintenance Standard.

(a) Standard; Replacement. During the Term, the Parties shall each use their commercially reasonable efforts (i) to ensure there is no unauthorized access, loss or damage to or theft of Equipment hereunder, and (ii) to prevent piracy or other theft of Inventory exhibited through the use of such Equipment or otherwise in its possession or control. Regal further agrees to keep all Regal Equipment, including without limitation Lobby Screens, clean, and to promptly notify LLC if any Regal Equipment is not functioning properly. Regal shall promptly arrange to repair or replace any Equipment in its possession (provided the damage interferes with the delivery of the Advertising Services) that is lost, stolen, damaged or otherwise fails to function or becomes inoperable, other than because of LLC's failure to properly maintain the Equipment as set forth in Section 3.08(b).

(b) Performance of Repair and Replacement. Subject to the terms of this Section 3.08(b) and of Section 3.08(c) below regarding cost, the repair and replacement of Equipment shall be performed by LLC until such time as Regal elects to assume this responsibility by giving written notice to LLC. If Regal assumes this responsibility to perform replacement or repair but fails to maintain the Regal Equipment at a performance level substantially similar to the LLC Equipment, then LLC shall promptly provide Regal written notice of such failure and if such failure is not cured within 30 days, LLC shall be entitled to repair, or if repair is not reasonably possible, replace such LLC Equipment not so maintained and deduct the cost of such replacement from Regal's Theatre Access Fees.

(c) Repair Costs. So long as LLC is performing repair and replacement of Equipment, LLC shall pay the costs of repair (but not replacement, which is the responsibility of Regal). Notwithstanding anything to the contrary in this Section 3.08, LLC shall not be required or requested to make any expenditures that (i) would constitute a capital expenditure for LLC under GAAP or (ii) would have otherwise been payable by Regal's insurance provider; provided, however, LLC shall be responsible for all costs to repair or replace Equipment to the extent damaged as a result of the negligence or misconduct of LLC and/or its subcontractors.

(d) Condition. Subject to the foregoing, for purposes of ongoing maintenance, LLC shall keep and maintain Equipment installed in the Theatres in good condition

and repair at its sole expense (with the exception of projector bulb replacement and equipment replacement, the cost of which shall be borne by Regal), and in a manner consistent with the Service Level Agreement set forth in the Specification Documentation and as may be reasonably amended by mutual agreement of LLC and Regal from time to time. The Parties agree to consult with each other on a regular basis during the Term in an attempt to reduce maintenance costs arising from redundancies in the Parties' respective service fleets. Upon advance notice to Regal, Regal shall provide LLC and/or its subcontractors reasonable access to the Equipment and such other support services as LLC and/or its subcontractors reasonably require to provide maintenance and repair services as required hereunder.

ARTICLE 4

DELIVERY OF THE ADVERTISING SERVICES

Section 4.01 Content and Distribution of the Digital Content Service and Traditional Content Program.

(a) Distribution; Quality. On the Original Effective Date, LLC will commence distribution of the Digital Carousel, the Digital Content Service and the Traditional Content Program to the Digitized Theatres and Non-Digitized Theatres, all as set forth above in Article 2. With respect to Digitized Theatres, content shall be distributed through the Digital Content Network, via either LLC's satellite network or by LLC's or exhibitor's landline network. Each of the Pre-Feature Program and the Video Display Program shall consist of Inventory comprising a single play list ("**Play List**"). The Play List will be refreshed during the Term when and as determined by LLC but not less frequently than 12 times per year (each a "**Flight**"). The Digital Carousel, the Digital Content Service (including the Pre-Feature Programming Schedule) and the Traditional Content Program will be substantially similar in nature, quality, and scope to the corresponding advertising, promotional and other content, as received by the Theatres immediately prior to the Original Effective Date, and will in addition be delivered pursuant to the Service Level Agreement included in the Specification Documentation, as applicable. In addition, LLC agrees that the quality of the Advertising Services delivered to each of the Founding Members will be consistent throughout the Term. If Regal elects to use the ACE Solution to deliver the Advertising Services which use Digital Cinema Equipment, LLC shall ensure that such Advertising Services are provided to Regal as specified in the SMPTE draft, as of March 10, 2010, named Proposed 430-8, D-Cinema Operations Show Playlist (which addresses provision of show playlist and showpack by a third party to a DCI compliant TMS) and, with respect to the Digital Carousel, the Pre-Feature Program, and the Policy Trailer, in the format of the film exhibited on the Regal Equipment which follows the Advertising Services. Notwithstanding the foregoing, the Parties agree that from October 1, 2010 through the earlier of (i) the date that the ACE Solution has been installed with respect to 1,000 total Digital Screens (including Digital Screens operated by the other Founding Members of LLC and Network Affiliates), or (ii) December 31, 2011, LLC may deliver the Advertising Services to Theatres requiring the JPEG 2000 format via disc drives rather than via satellite.

(b) Pre-Feature Programs.

(i) Pre-Feature Program. The Pre-Feature Program shall consist of four (4) or more elements, including: (i) commercial advertising; (ii) promotions for the Regal brand (including the Brand and Branded Slots), Concessions sold and services used by Regal and other products and services in accordance with Section 4.05; (iii) interstitial content; and (iv) other entertainment programming content which, while promotional of businesses or products, shall be primarily entertaining, educational or informational in nature, rather than commercially inspired. Additionally, only to the extent required by the terms of the Alternative Content Services Agreement and subject to the limitations set forth therein, Event Sponsorships and promotions for Digital Programming Events may be included in the Pre-Feature Program.

(ii) Digital Programming Event Pre-Feature Program. Under the Alternative Content Services Agreement, LLC and Alternative Content JV agree to work together to develop and exhibit a Digital Programming Event Pre-Feature Program. Regal acknowledges that it is the intent of LLC and Alternative Content JV that the Digital Programming Event Pre-Feature Program shall consist of five (5) or more elements, including: (i) commercial advertising; (ii) promotions for the Regal brand (including the Brand and Branded Slots), Concessions sold and services used by Regal and other products and services in accordance with Section 4.05; (iii) interstitial content; (iv) promotional content used by Alternative Content JV to promote Digital Programming Events which may include a Sponsor Message; and (v) other entertainment programming content which, while promotional of businesses or products, shall be primarily entertaining, educational or informational in nature, rather than commercially inspired. Any Digital Programming Event Pre-Feature Program shall conclude at Showtime for the Digital Programming Event in order to permit Alternative Content JV and/or Regal opportunities to exhibit Event Trailers or Trailers. Any Digital Programming Event Pre-Feature Program will be programmed, to the extent commercially reasonable, to cater to the demographic of the audience of the related Digital Programming Event. Regal acknowledges and agrees that as of the Restated Effective Date, it is not commercially reasonable to deliver Digital Programming Event Pre-Feature Programs that are customized for the Regal Brand or that cater to the demographic of the audience of the related Digital Programming Event. Any advertising, promotion, marketing or other services set forth in the definition of the "Advertising Services" contained in the Digital Programming Event Pre-Feature Program and exhibited by Regal at the direction of LLC or Alternative Content JV shall be expressly permitted by LLC hereunder notwithstanding the provisions of Section 2.04 hereof.

(iii) LLC shall have no liability of any kind under this Agreement for any content provided by Alternative Content JV.

(c) Video Display Program. The elements of the Video Display Program shall be, generally, the same as those for the Pre-Feature Program, and will include the Brand and the Branded Slots. LLC specifically agrees that the Video Display Program will contain only material that has received, or had it been rated would have received, an MPAA "G" or "PG" rating. In addition, LLC shall not restrict the sale of Inventory from the Video Display Program for promotions of feature films. Lobby Screens displaying the Video Display Program shall be located in areas of Theatres of LLC's choosing (subject to Regal's reasonable operational constraints and provided relocation of existing Lobby Screens is not required). Regal is obligated to provide at least one Lobby Screen per Digitized Theatre with ten or fewer screens,

two Lobby Screens per Digitized Theatre with eleven to twenty screens and three Lobby Screens per Digitized Theatre with more than twenty screens; provided, however, that Regal shall have no obligation to increase the number of Lobby Screens in any Theatre that has at least one Lobby Screen that is capable of receiving the Video Display Program as of the Original Effective Date. When a Theatre has more than the minimum number of Lobby Screens required, Regal may, at its discretion, elect to display on such excess Lobby Screens (i) the Video Display Program or (ii) internal programming (including promotion of Regal's internal business or promotion of Digital Programming Events) that does not include third-party advertising and/or third-party mentions for products and services (other than Theatre Advertising or Sponsor Messages in connection with Event Sponsorships); provided, however, Regal shall provide at least 30 days advance notice prior to an initial election of either (i) or (ii) in any such Theatre, and at least 60 days advance notice prior to any subsequent change in election.

Section 4.02 Lobby Promotions.

(a) **Delivery.** On the Original Effective Date, LLC will make available to the Theatres the Lobby Promotions, and Regal will accept such Lobby Promotions on the terms and conditions set forth herein.

(b) **Guidelines; Inventory.** Lobby Promotions shall satisfy the guidelines and specifications set forth herein and as may be provided by Regal to LLC pursuant to Section 4.02(c). The Inventory of Lobby Promotions for each Theatre that Regal covenants to display pursuant to this Agreement is set forth in Exhibit A-1. LLC may provide additional Lobby Promotions ("**Additional Lobby Promotions**"), subject to approval by Regal. LLC will take all other actions necessary and prudent to ensure the delivery of Lobby Promotions as required under the terms hereof. LLC will inform Regal of the length of time that Lobby Promotions and Additional Lobby Promotions are to be displayed.

(c) **Standards and Specifications.** LLC covenants and agrees that Lobby Promotions provided pursuant to this Agreement will conform to all standards and specifications of which Regal provides LLC reasonable notice during the Term, including without limitation standards and specifications with respect to manufacturers and suppliers, sizing (e.g., cup and popcorn tub sizing), timing of delivery of concession supplies to Theatres, reimbursement of incremental costs (e.g., cups, floor mats, plates) and the like. LLC further covenants that the Lobby Promotions will not diminish or tarnish the reputation of Regal or unreasonably disrupt Theatre operations, including, without limitation, traffic flow or noise level, each as determined in Regal's reasonable discretion, and that Lobby Promotions will comply with the content standards set forth in Section 4.03. LLC specifically agrees (i) that Lobby Promotions will contain only material that has received, or had it been rated would have received, an MPAA "G" or "PG" rating, (ii) that the only type of sampling that will be permitted is exit sampling, (iii) to refrain from distributing chewing gum as part of any Lobby Promotion, other than attended sampling as patrons are exiting the Theatre, (iv) not to permit a Lobby Promotion that would distribute or sample any item that is the same as or substantially similar to any item sold at the Theatre's concession stand and (v) not to permit a Lobby Promotion involving fund raising on Theatre property.

(d) Costs. LLC will be responsible for all costs and expenses associated with sourcing, production, delivery and execution of Lobby Promotions to the Theatres, including incremental costs actually incurred by the Theatres in connection with Lobby Promotions. In its discretion, Regal may make employees available to assist in Lobby Promotions requiring exit sampling; provided that LLC shall reimburse Regal for the employees' time used to conduct the exit sampling at their customary wage.

(e) Alternative Content Lobby Promotions. To the extent that Regal provides Alternative Content JV with the right to use certain Inventory of Lobby Promotions to promote Digital Programming Events, Regal may display such promotions at the direction of Alternative Content JV notwithstanding the provisions of Section 2.04 hereof, provided that such promotions are limited to a Sponsor Message in connection with an Event Sponsorship.

Section 4.03 Content Standards. The Parties agree that (unless mutually agreed by the Parties with respect to clauses (i), (iii), (iv), (v) or (vi)) all content within the Advertising Services will not contain content or other material that: (i) has received, or had it been rated would have received, an MPAA "X" or "NC-17" rating (or the equivalent), (ii) promotes illegal activity, (iii) promotes the use of tobacco, sexual aids, birth control, firearms, weapons or similar products; (iv) promotes alcohol, except prior to "R"-rated films in the auditorium; (v) constitutes religious advertising (except on a local basis, exhibiting time and location for local church services); (vi) constitutes political advertising or promotes gambling; (vii) promotes theatres, theatre circuits or other entities that are competitive with Regal or LLC; (viii) would violate any of Regal's Beverage Agreements or the exclusive contractual relationships identified in the Specification Documentation (including renewals and extensions of the foregoing, but excluding any amendments or modifications thereto as such relate to such content standards) and any subsequent exclusive arrangement entered into by LLC with respect to the Theatres; or (ix) otherwise reflects negatively on Regal or adversely affects Regal's attendance as determined in Regal's reasonable discretion. Regal may, without liability, breach or otherwise, prevent and/or take any other actions with respect to the use or distribution of content that violates the foregoing standards; provided, that with respect to Section 4.03(ix), Regal may opt out of such content in the Advertising Services only with respect to Theatres in the geographic locations identified, which may include all of Regal's Theatres. If the Digital Content Service contains any content that violates the foregoing standards, LLC must remove such content as soon as reasonably practical, but no later than within 24 hours of Regal notifying LLC of such violation. If LLC fails to remove such content within such 24-hour period, Regal may discontinue the Digital Content Service in such auditoriums where such content is shown until the violating content is removed and shall have no liability for such discontinuation. If any other elements of the Advertising Services contain any content that violates the foregoing standards, LLC shall at Regal's request, or Regal acting on its own behalf may, upon giving written notice to LLC, remove such content immediately. If any Founding Member opts out of any Lobby Promotion or other advertising pursuant to Section 4.03(viii) or (ix) of this Agreement, the AMC Exhibitor Agreement or the Cinemark Exhibitor Agreement (as applicable) or out of any Video Display Program because of lack of equipment to display such content, or if any Founding Member does not agree to exhibit any content of the Advertising Services subject to Section 4.03(i), (iii), (iv), (v) or (vi), then LLC shall apply any revenue it is entitled to receive from such Advertising Services ("**4.03 Revenue**") to adjust payments of the Theatre Access Fee as set forth in Schedule 1.

Section 4.04 Development of the Advertising Services. All operational costs associated with LLC's procurement, preparation and delivery of the Advertising Services (including Inventory and other promotional materials as provided herein) to the Theatres shall be borne exclusively by LLC. Except as provided herein, all in-Theatre operational costs associated with Regal's receipt and exhibition of the Advertising Services within the Theatres shall be borne exclusively by Regal; provided that, upon prior written notice to and consultation with LLC, LLC shall reimburse Regal for its reasonable incremental out-of-pocket third party costs incurred in connection with receipt and exhibition of the Advertising Services within the Theatres. Any excess on-screen Inventory which may be made available to Regal in LLC's discretion pursuant to Section 5.03 or otherwise, and any other on-screen Inventory provided by Regal pursuant to Section 4.05, will be subject to both Parties' review and approval, which will not be unreasonably withheld. LLC will provide at its own expense all creative and post-production services necessary to ingest, encode and otherwise prepare for distribution all other on-screen Inventory as part of the Digital Content Service. All on-screen Inventory provided by Regal for inclusion in the Digital Content Service must (i) be submitted to LLC for review for compliance with (ii) and (iii) below as LLC may reasonably request, but in any event at least twenty (20) business days before scheduled exhibition (unless otherwise previously approved by LLC), (ii) satisfy the content restrictions enumerated in Section 4.03(i) through (vii) hereof, and (iii) be fully produced in accordance with LLC's technical specifications as promulgated by LLC from time to time (all as provided in written or electronic form to Regal in a reasonable time period prior to implementation, including any amendments thereto; and which are equally applied to all exhibitors), ready for exhibition, as well as in accordance with applicable LLC commercial standards and operating policies, and all applicable federal, state and local laws and regulations. LLC must reject or approve all Inventory provided by Regal within five (5) business days. Any such Inventory provided by Regal and not rejected within such time frame shall be deemed approved and incorporated into the Advertising Services. Any Inventory provided by Regal for review and approval by LLC need not, once approved by LLC, be resubmitted by Regal for approval in connection with any future use.

Section 4.05 Brand; Policy Trailer; Branded Slots.

(a) **Branded Content.** LLC agrees to create, in conjunction with and subject to Regal's prior approval, a Regal brand identity (the "**Brand**") that will surround, or "house," the Digital Content Service and include interstitial messaging ("bridges and bumps"), throughout the Play List and in the Policy Trailer, to reinforce the Brand. The interstitial messaging shall include a Pre-Feature Program introduction and close containing content branded with the Regal Marks. The close shall also include content branded with the marks of Regal's beverage concessionaire. The Brand and the Branded Slots shall not contain the display of any trademark, service mark, logo or other branding of a film, film studio(s), distributor(s), or production company(ies). In addition to the interstitial messaging, the Digital Content Service will feature (i) up to two (2) minutes for the promotion of Regal's internal business and/or promotional materials for Digital Programming Events (the "**Branded Slots**") in each Play List, (ii) the Policy Trailer, to be created by LLC at the direction of Regal as part of the Creative Services and (iii) any other content as may be agreed between Regal and LLC. The Parties hereby acknowledge that Regal has the right to exhibit the PSA Trailer after Showtime.

(b) Policy Trailer. The policy trailer will be (i) up to 60 seconds, (ii) exhibited in the Theatres after Showtime, and (iii) used to feature content relating to Theatre policy and operations, and may include (w) a policy service announcement that promotes appropriate theatre behavior, (x) promotions of Regal Concessions, (y) the display of any trademark, service mark, logo or other branding of a film studio(s), distributor(s), or production company(ies) and (z) upon prior written approval of Regal, other promotional materials of third-party products for which LLC sells advertising and is paid a fee (the “**Policy Trailer**”).

(c) Branded Slot. Each Branded Slot may only exhibit Theatre Advertising and/or Sponsor Messages in connection with Event Sponsorships. LLC is required to include no less than forty-five (45) seconds of Branded Slots within the final fifteen (15) minutes of the Play List, fifteen (15) seconds of which shall be included within the final eleven (11) minutes of the Play List; provided, that LLC may begin these Branded Slots up to one minute earlier when LLC expands the amount of advertising units that follow these Branded Slots through the sale of additional advertising to third parties. LLC shall not exhibit any advertising relating to LLC after Regal’s Branded Slot placement referred to in this Section 4.05(c).

(d) Restrictions. Other than as permitted in Sections 4.05(a), (b), (c) or Section 4.07, none of the Brand, the Policy Trailer or the Branded Slots will include third-party advertising and/or third-party mentions for products and services, without LLC’s prior written approval; provided that a Branded Slot promoting a Digital Programming Event may include a Sponsor Message.

(e) Creative Services. The Brand messaging, Policy Trailer and Branded Slots may be created and edited by LLC as part of the Creative Services, in consultation with Regal, subject to final, mutual agreement of the Parties. LLC will provide Regal with up to 1,000 hours of Creative Services annually at no cost for Brand development, Policy Trailers and Branded Slots exhibiting Theatre Advertising. Time spent on Creative Services exceeding the initial 1,000 hours shall be determined as described in Exhibit B. Regal may use other vendors for creative services at Regal’s cost and subject to LLC’s production standards.

(f) Traditional Content Program. The Traditional Content Program in Non-Digitized Theatres will contain, at a minimum, promotions for Regal’s beverage and other Concessions.

Section 4.06 Beverage and Legacy Agreements.

(a) Beverage Agreements. LLC shall, through the expiration or other termination of Regal’s Beverage Agreement in effect on the Restated Effective Date, display or exhibit, as applicable, as part of the Advertising Services, advertising Inventory meeting any and all specifications and requirements prescribed by the Beverage Agreement, including format, length (not to be longer than ninety (90) seconds), and placement within the Play List, as set forth in the Specification Documentation, with compliance by LLC to be within a reasonable time after such specifications are communicated from time-to-time by Regal to LLC in a written

notice. In consideration for the advertising pursuant to the Beverage Agreement, Regal agrees to pay LLC at the advertising rates set forth on Exhibit B (the “**Beverage Agreement Advertising Rate**”). The Beverage Agreement Advertising Rate shall be paid on or before the last day of LLC’s fiscal month following LLC’s fiscal month in which the Advertising Services related to the Beverage Agreement were provided. Beginning after Regal’s Beverage Agreement in effect on the Restated Effective Date expires or otherwise terminates through the end of the Term, Regal shall have the right to have included in the Advertising Services advertising Inventory for its beverage concessionaires at the then current Beverage Agreement Advertising Rate; provided that Regal (i) keeps LLC apprised of the status of negotiations with the beverage vendor (including likelihood of reaching agreement, advertising length and placement required), from the time such negotiations begin until an agreement is signed, and (ii) provides LLC notice (including advertising length and placement required) within two (2) business days after the date that Regal and its beverage concessionaire agree on terms for a new Beverage Agreement. Regal shall be permitted to prescribe the length and placement within the Play List of on-screen Inventory based on the requirements of the Beverage Agreements which may then be in effect between Regal and such then-applicable beverage concessionaires; provided that such Inventory shall not exceed ninety (90) seconds in length for all such Beverage Agreements. Regal-redacted and/or Regal-selected (by disclosure or summary) contents of the Beverage Agreement shall only be disclosed as, and to the extent, required pursuant to this Agreement, provided such disclosure would not violate the terms of such Beverage Agreement.

(b) Regal Legacy Agreements.

(i) Listing. The Specification Documentation sets forth a list of the Regal Legacy Agreements, including the identity of each advertiser. On the Original Effective Date, Regal shall assign all rights and obligations arising from or out of each Regal Legacy Agreement to LLC.

(ii) Non-Assignable Legacy Agreements. This Agreement shall not constitute an assignment or transfer, or an attempted assignment or transfer, of any Regal Legacy Agreement, if and to the extent such agreement is a “**Non-Assignable Legacy Agreement**,” meaning that the assignment or transfer of such Regal Legacy Agreement would constitute a breach of the terms of such Regal Legacy Agreement. Regal and LLC shall use commercially reasonable efforts to obtain a waiver to assignment of any Non-Assignable Legacy Agreement and in the meantime Regal shall pay to LLC all proceeds from any Legacy Agreement. To the extent that any waiver referred to in this Section 4.06(b)(ii) is not obtained by Regal, Regal shall also use commercially reasonable efforts to, at the request of LLC, enforce for the account of LLC any right of Regal arising from any Non-Assignable Legacy Agreement. LLC shall perform the obligations of Regal under or in connection with any Non-Assignable Legacy Agreement, except to the extent that LLC is not provided the benefits thereof in any material respect pursuant to this Section 4.06(b)(ii).

Section 4.07 Other Regal Advertising Agreements.

(a) Theatre Advertising. In addition to advertising Inventory referenced above in Sections 4.05 and 4.06, Regal may purchase, on an arm’s length basis and subject to availability, as part of the Advertising Services, advertising Inventory for Theatre Advertising

and to promote Digital Programming Events. Regal shall pay for Advertising Services pursuant to this Section 4.07(a) on or before the last day of LLC's fiscal month following LLC's fiscal month in which the Advertising Services were provided.

(b) Non-Theatre Advertising. Regal may enter into a cross-marketing arrangement designed to (i) promote the Theatres and the movie-going experience with a local, regional or nationally-known vendor of products or services that are not of the type described in Theatre Advertising or (ii) promote Digital Programming Events, in either case, for the purpose of generating increased attendance at the Theatres or increased revenue for Regal (other than revenue from any Advertising Services) (the "**Strategic Relationship**") with advertising of such products or services being presented in the Theatres (either in the Video Display Program or in Lobby Promotions) ("**Strategic Programs**"), subject to the terms set forth in this Section 4.07(b). Strategic Programs may not be made on an exclusive basis. Strategic Programs entered into in connection with a Digital Programming Event shall not include any third-party advertising, trademarks, service marks, logos or other branding and/or third-party mentions for products and services except for a Sponsor Message. Regal covenants that it shall not re-sell any Advertising Services, including those received in connection with Strategic Programs. Strategic Programs shall be subject to the following limitations:

(i) **Strategic Programs.** Regal may conduct at no cost with respect to any Strategic Programs no more than (A) two (2) local or regional promotions per Flight per Theatre and (B) four (4) national promotions per year; provided, however, that no more than one national promotion may run at any time (the "**Client Limitation**"). By means of illustration, the Client Limitation for national promotions are not limited to a Flight, accordingly, one national promotion may run for twelve months, two national promotions may run for six months each provided that they do not run at the same time, four national promotions may run for three months each provided that they do not run at the same time, or another combination of national promotions may be used if there are no more than four promotions within a twelve-month period. For purposes of this Section 4.07(b), each continuously running promotion is counted as one promotion, regardless of whether such promotion is displayed using only one element (e.g., Lobby Screens) or displayed in an integrated basis using multiple elements (e.g., Lobby Screens and Lobby Promotions). Additionally, for purposes of this Section 4.07(b), a local or regional promotion is a promotion that is exhibited in Theatres located within one or two contiguous Designated Marketing Areas (as defined by the term DMA[®], a registered trademark of Nielsen Marketing Research, Inc.), and a national promotion is a promotion that is exhibited in Theatres located within two (other than two contiguous) or more Designated Marketing Areas.

(ii) **Strategic LEN Promotions.** With respect to Strategic Programs in the Video Display Program ("**Strategic LEN Promotions**"), Regal may utilize at no cost up to one minute of time for its Strategic Programs per every thirty (30) minutes of the Video Display Program advertising. Regal may purchase an additional one minute for every thirty (30) minutes of the Video Display Program advertising for use in Strategic Programs at the applicable rate card rate for third-party advertising established by LLC for such Video Display Program advertising inventory. Any purchase of time for Strategic LEN Promotions in excess of the two minutes described above or any utilization of Strategic LEN Promotions in excess of the Client Limitation may be obtained at rate card rates and subject to availability, only with prior written

consent of LLC, acting in its sole discretion. Strategic LEN Promotions may not be displayed on any Lobby Screens that, pursuant to Section 4.01(c), are displaying internal programming of Regal and may not be made to promote any film, film studio(s), distributor(s) or production company(ies).

(iii) Strategic Lobby Promotions. With respect to Strategic Programs through Lobby Promotions (“**Strategic Lobby Promotions**”), Regal may utilize only such type and number of Inventory that is available to LLC in the applicable Theatre(s) on a pre-approved basis; provided, however, vehicle/motorcycle displays and floor mats will not be available for use in Strategic Lobby Promotions. Regal may purchase an additional amount of Inventory in excess of the Strategic Lobby Promotions described above or in excess of the Client Limitation at rate card rates and subject to availability, only with prior written consent of LLC, acting in its sole discretion.

Section 4.08 Regal Run-Out Obligations

(a) Encumbered Theatres. Regal agrees to provide LLC written notice as much in advance as is reasonably practicable under the circumstances of, and to furnish LLC true and correct copies (reasonably redacted by Regal and subject to confidentiality) of all documentation evidencing, all valid, pre-existing contractual obligations (the “**Run-Out Obligations**”) relating to any of the advertising, promotional and event activities and services in any Acquisition Theatres (collectively, the “**Encumbered Theatres**”); provided such disclosure does not violate the terms of any such agreements.

(i) No Run-Out Obligations. Agreements with advertisers that purchase advertising are Legacy Agreements and do not create Run-Out Obligations. Regal shall, effective upon acquisition of the Acquisition Theatre, terminate any agreements between Regal and an Affiliate relating to advertising, promotional and event activities and services in any Acquisition Theatre, so that any such agreements do not create Run-Out Obligations.

(ii) Run-Out Obligations. Regal and/or its Affiliates (as applicable) shall be permitted to abide by the terms of the Run-Out Obligations; however, Regal agrees, subject to legal constraints (if any), to use commercially reasonable efforts to obtain the termination of such Run-Out Obligations, including without limitation neither extending nor renewing such Run-Out Obligations (provided that Regal shall have no obligation to make any payment in connection with obtaining the termination of such Run-Out Obligations). Regal further agrees not to enter into any new agreement with any third party with respect to any Encumbered Theatre, or amend or modify any Run-Out Obligation, to the extent such agreement, amendment or modification would be inconsistent with the rights of LLC under Section 2.04 or have the effect of any extension. Prior to the expiration of the Run-Out Obligations, each Encumbered Theatre may, upon the mutual agreement of LLC and Regal, become a Theatre with respect to some or all of the Advertising Services, provided such election does not create a default under any Run-Out Obligation. In any event, except in accordance with Section 4.13 (Excluded Theatres; IMAX Screens) or as may be mutually agreed by the Parties in writing, each Encumbered Theatre shall automatically become a Theatre, for all purposes hereof, no later than the expiration of the Run-Out Obligations with respect to such Encumbered Theatre.

(b) Exclusive Run-Out Obligations. With respect to each Advertising Service for which the third party to the Run-Out Obligations has exclusive rights as a service provider, if Regal has provided LLC with written notice of Regal's intent to receive additional equity in LLC with respect to the Encumbered Theatres pursuant to the Unit Adjustment Agreement, Regal shall, until such Run-Out Obligations have terminated, make a quarterly Exclusivity Run-Out Payment (as defined in Schedule 1) to LLC. Any such payments shall be made on or before the last day of LLC's fiscal month following the fiscal quarter in which Regal receives the Advertising Services from the third party to the Run-Out Obligations.

(c) Non-Exclusive Run-Out Obligations. With respect to each Advertising Service for which the third party to the Run-Out Obligations has non-exclusive rights as a service provider, if Regal has provided LLC with written notice of Regal's intent to receive additional equity in LLC with respect to the Encumbered Theatres pursuant to the Unit Adjustment Agreement, Regal shall, until such Run-Out Obligations have terminated, pay LLC [***]. Any such payments shall be made on or before the last day of LLC's fiscal month following the fiscal quarter in which Regal receives third party payment for the Advertising Services.

(d) Beverage Agreement Advertising Rate and Encumbered Theatres. If Regal has provided LLC with written notice of Regal's intent to receive additional equity in LLC with respect to the Encumbered Theatres prior to termination of the Run-Out Obligations pursuant to the Unit Adjustment Agreement, the attendance at Encumbered Theatres shall be included in the calculation of the Beverage Agreement Advertising Rate.

Section 4.09 License. LLC hereby grants to Regal and its Affiliates a limited, non-exclusive, non-transferable, non-sublicenseable license in the Theatres only to receive, store, display and exhibit the Digital Content Service, the Traditional Content Program and the Digital Carousel, as applicable, on the LLC Equipment and the Regal Equipment solely in connection with its performance of and subject to all of the terms and conditions of this Agreement. Regal may not alter intentionally the Digital Content Service, the Traditional Content Program or the Digital Carousel or otherwise intentionally exhibit the Digital Content Service, the Traditional Content Program or the Digital Carousel in a manner resulting in a change to the Digital Content Service, Traditional Content Program or Digital Carousel or any related on-screen Inventory, nor may Regal use or make the Digital Content Service, Traditional Content Program or Digital Carousel available for any purpose, at any location, or in any manner not specifically authorized by this Agreement, including without limitation recording, copying or duplicating the Digital Content Service, Traditional Content Service or Digital Carousel or any portion thereof. Regal shall at all times receive and exhibit the Digital Content Service or Traditional Content Program and Digital Carousel in accordance with such policies and procedures of LLC that are provided in advance to Regal and consistently applied with respect to other exhibitors from time to time. Each Party shall be solely responsible for obtaining and providing all rights, licenses, clearances and consents necessary for the use of any Inventory it sources or creates (whether or not it sources or creates such Inventory on behalf of the other Party), or that is prepared or provided by third parties on its behalf, as contemplated herein, except as may otherwise be agreed by the Parties in writing.

Section 4.10 Cooperation and Assistance. The Parties agree that the effectiveness and quality of the Advertising Services as provided by LLC are dependent on the cooperation and operational support of both Parties.

(a) Regal. Regal agrees that it (and each of the Theatres) shall at all times during the Term provide LLC, at Regal's own cost except as otherwise provided in this Agreement, with the following:

(i) internal resources and permissions as reasonably required to effectuate delivery of the Advertising Services, including without limitation projection and sound technicians and other employees to assist with LLC Equipment installation and Digital Content Service transmission;

(ii) unless unavailable, 24 (hour) by 7 (day) "real time" access via Regal's network assets in conformity with Regal's network use and security policies (provided in advance to LLC and consistently applied with respect to other Regal service providers) to the in-Theatre software and hardware components of the Digital Content Network, consistent with the Service Level Agreement (as set forth in the Specification Documentation), so that LLC can monitor the distribution and playback of the Advertising Services and the Parties will reasonably cooperate to ensure that corrections or changes are made as required to deliver the Advertising Services;

(iii) detailed playback information in a form, whether electronic or hard copy, and at such times as either Regal or LLC shall reasonably request;

(iv) prompt notification of reception, playback or other technical problems associated with receipt of the Advertising Services;

(v) the results of quality audits performed by Regal periodically during the Term upon LLC's request and at its direction to confirm playback compliance;

(vi) adequate opportunities to train Regal personnel, as provided in Section 3.07;

(vii) attendance data film-by-film, rating-by-rating and Theatre-by-Theatre for all Theatres, in an electronic form and in a format agreed by the Parties, at such times as are consistent with Regal's internal reporting systems but in any event at least weekly;

(viii) on a monthly, quarterly and annual basis as requested by LLC from time to time, a list of all Theatres, including (i) identification of which Theatres are Digitized Theatres, (ii) the number of total screens and digital screens at each Theatre and for all Theatres at which Advertising Services are provided, (iii) identification of any Theatres that are not equipped with at least one Lobby Screen to display the Video Display Program, (iv) attendance for screens on which Advertising Services are provided (by Theatre and in total), including separate identification of attendance for screens on which Advertising Services under the Beverage Agreement is provided (if different); (v) upon LLC's request, identification of Theatres in which Advertising Services are not provided, and the attendance and number of screens at

such theatres; (vi) estimated Theatre opening and closing dates; and (vii) such other information described in the Specification Documentation, as such may be amended from time to time by mutual agreement of the Parties;

(ix) Regal's budgeted attendance by theatre (and by month if Regal budgets on a monthly basis) for the next full fiscal year once approved by Regal's board, and; and

(x) such other information regarding the Advertising Services as LLC may reasonably request from time to time, as Regal agrees to provide in its sole discretion;

(b) LLC. LLC agrees that it shall at all times during the Term provide Regal, at LLC's own cost except as otherwise provided in this Agreement, with the following:

(i) on a weekly basis, a report of compliance by each Digitized Theatre with on-screen advertising requirements and reasons for any noncompliance, including a report of compliance relating to the Beverage Agreement (the "**Beverage Compliance Report**");

(ii) on a weekly basis, a representative Play List of national advertising, which LLC shall make available no later than two business days prior to the day on which the Play List be implemented;

(iii) on a monthly basis, a report regarding local advertising.

(c) Confidentiality. For the avoidance of doubt, information made available subject to this Section 4.10 shall be subject to the provisions of Section 14.01 (Confidential Treatment); provided however, that LLC agrees that Regal shall be permitted to provide the Beverage Compliance Report to its beverage concessionaire. Regal agrees to be included in any compliance reporting LLC provides to its advertisers and other content providers for proof of performance.

Section 4.11 Trailers.

(a) Trailers. Trailers that are exhibited in the Theatres shall not include the exhibition or display of any trademark, service mark, logo or other branding of a party other than the film studio(s), distributor(s), or production company(ies); provided, however, Trailers may include incidental images of products or services which appear in the motion picture or other programming or event (e.g., product placements).

(b) Event Trailers. Any Event Trailer shall be limited to a promotion for an applicable Digital Programming Event and shall not include the exhibition or display of any trademark, service mark, logo or other advertising or branding other than the Alternative Content JV or the distributor(s) or production company(ies) of the Digital Programming Event. Additionally, Event Trailers may include (i) incidental images of products or services which appear in the Digital Programming Event (e.g., product placements), and (ii) Sponsor Message(s) in connection with Event Sponsorship(s). The exhibition of any Event Trailer by Regal at the direction of Alternative Content JV shall be expressly permitted by LLC hereunder

notwithstanding the provisions of Section 2.04 hereof; provided however, that LLC shall have no liability of any kind under this Agreement for any content in an Event Trailer provided by Alternative Content JV or Regal.

Section 4.12 Customer Access to Pre-Feature Program. Regal shall use commercially reasonable efforts to provide audiences access to the Theatre auditorium for the Pre-Feature Program or Traditional Content Program not less than 20 minutes prior to Showtime.

Section 4.13 Excluded Theatres; IMAX Screens.

(a) Excluded Theatres. Regal shall have the right to designate art house and draft house theatres that for purposes of this Agreement shall be “**Excluded Theatres**”; provided, however, that the aggregate annual attendance at all such Excluded Theatres on the date of designation shall not exceed four (4) percent of the aggregate annual attendance at the Theatres. The list of Excluded Theatres identified as of the Restated Effective Date is set forth in the Specification Documentation. Regal shall provide written or electronic notice to LLC, in the form specified by LLC, each time there is a change in its list of Excluded Theatres. Excluded Theatres shall not be deemed Theatres for purposes of this Agreement. Excluded Theatres will not receive Advertising Services. Excluded Theatres will not be considered for purposes of the calculation of Theatre Access Fees. Notwithstanding the foregoing, Excluded Theatres will be subject to the exclusivity obligations of Regal, as set forth in Section 2.04 to the same extent as a Theatre hereunder. With respect to any Theatre subsequently designated as an Excluded Theatre, the parties will negotiate in good faith terms for the discontinuation of delivery of the Advertising Services to such Excluded Theatre.

(b) IMAX Screens. All Theatre screens dedicated to the exhibition of films using “IMAX” technology shall be deemed “**IMAX Screens.**” IMAX Screens will not receive, and Regal will have no duty to exhibit on any IMAX Screen, the Digital Carousel, the Pre-Feature Program or the Traditional Content Program; provided however, that Regal may elect to exhibit the Digital Carousel, the Pre-Feature Program or the Traditional Content Program on its IMAX Screens in its sole discretion. Notwithstanding the foregoing, all IMAX Screens will be subject to the exclusivity obligations of Regal, as set forth in Section 2.04 to the same extent as a Theatre hereunder. Regal will provide LLC prompt written or electronic notice, in the form specified by LLC, of any additions to or deletions from its list of IMAX Screens, which list as of the Restated Effective Date is provided in the Specification Documentation.

Section 4.14 Grand Openings; Popcorn Tubs; Employee Uniforms. Notwithstanding anything herein to the contrary, Regal shall not be prohibited from: (i) promoting the grand opening of a Theatre or an Excluded Theatre, provided such promotional activity (A) may occur only for the fourteen (14) day period immediately preceding the opening of the theatre to the general public through the fourteen (14) day period immediately following the opening of the theatre to the general public, and (B) includes local advertising of such opening in exchange for the advertising of local businesses only, provided any on-screen advertising related thereto shall be subject to availability of on-screen Inventory and limited to one (1) advertisement thirty (30) seconds in length; (ii) placing advertising promoting full-length feature films on special popcorn tubs (such as plastic or oversized containers not regularly sold by Regal) sold in Theatres or Excluded Theatres, provided Regal shall (A) provide LLC one

hundred twenty (120) days prior notice of Regal's desire to conduct such promotion and permit LLC sixty (60) days to sell promotional advertising for such special popcorn bags/tubs, and if LLC cannot sell advertising for such special popcorn tubs within such sixty (60) day period then Regal shall have the right to sell such advertising, (B) be limited to two (2) such promotions in any twelve (12) month period during the Term, (C) not conduct any such promotion over a period exceeding thirty (30) days, and (D) not sell such advertising below the lowest total rate card amount received by LLC for popcorn bags; and (iii) allowing advertising for the supplier of Regal employee uniforms to appear on such uniforms, provided not more than two (2) individual instances of such advertising may appear on any such uniform at any one time. Regal will provide LLC reasonable advance written notice of any promotion under this Section 4.14 (collectively, "**Special Promotions**") and LLC will have the right to approve each such Special Promotion. LLC may not unreasonably withhold, condition or delay its approval, provided that LLC shall be permitted to withhold its approval from any such Special Promotion that is inconsistent with any exclusive obligation of LLC then in force, or otherwise interferes with the current or proposed business activities of LLC as reasonably determined by LLC. Any cash consideration paid by a third party in connection with a Special Promotion relating to any Advertising Services shall be paid to LLC.

Section 4.15 Consultation regarding Certain Advertising Agreements.

(a) Theatre Advertising. Prior to either Party entering into an exclusive agreement for longer than one Flight with any third party for Theatre Advertising, the contracting Party will give the other Party written notice not less than twenty (20) days in advance of the contract date, and the Parties will consult in good faith to confirm that such exclusive arrangement does not conflict with any exclusive arrangements the other Party has entered into or contemplates entering into; provided however, this notice shall not apply to entry into the Beverage Agreement by Regal. Notwithstanding the foregoing, if the Parties have satisfied the foregoing provisions of this Section 4.15(a) and identified a conflict of interest regarding an agreement with exclusivity, Regal's exclusivity interests shall prevail.

(b) Strategic Relationships. Regal shall not enter into any Strategic Relationship that conflicts with any existing or proposed exclusive advertising or promotional arrangement between LLC and a third party for which LLC has provided prior written notice, which may be by electronic mail, to Regal's designated representative(s) of such existing or proposed exclusive arrangement, including the identity of the other party, the length of time, and type of category of such exclusive arrangement, and specifically in connection with a proposed exclusive arrangement the anticipated start date of such arrangement. Regal may enter into any Strategic Relationship that conflicts with a proposed exclusive arrangement prior to the anticipated start date of such arrangement. Further, in the event that LLC is unable to enter into a definitive agreement with respect to such proposed exclusive arrangement within sixty (60) days after such notice by LLC to Regal of such proposed exclusive arrangement, which notice may not be provided more than once in any twelve month period, then Regal shall have the right to enter into any such Strategic Relationship.

Section 4.16 3D Services.

(a) Access to Projection Systems for 3D Advertising Services. Subject to the terms and conditions of this Agreement, including, without limitation this Section 4.16, if and to the extent that Regal has the capability to exhibit full-length motion pictures using a Projection System in 3D in one or more auditoriums in any Digitized Theatre, LLC shall have the right to exhibit 3D Advertising Services using such Projection System in such auditoriums, in the following instances (i) after the Advertising Services have been converted to such Projection System in accordance with Section 3.06 or (ii) prior to the presentation of a 3D motion picture or other 3D content (“**3D Content**”); in either case, such 3D Advertising Services, (x) will be properly conditioned to meet the specifications of Regal 3D equipment providers, and (y) LLC shall pay or reimburse Regal for any and all third party licensing fees incurred by Regal related to use of the 3D equipment in conjunction with 3D Advertising Services. Notwithstanding the foregoing, to the extent such Projection System has not become Digital Cinema Equipment in accordance with Section 3.06, LLC shall be responsible for providing such 3D Advertising Services in a form and format to be reasonably requested by Regal. In the event that LLC requests Regal to ingest and play 3D Advertising on Regal’s player, if there are incremental costs that are going to be incurred beyond Regal’s normal operating procedures then Regal and LLC must meet and agree on the appropriate reimbursement to be paid by LLC to Regal to offset such Regal incremental costs necessary to accommodate LLC’s request.

(b) 3D Glasses. LLC agrees that Regal will bear no expense with respect to 3D Glasses provided to theatre patrons to view 3D Advertising Services. In the case of 3D Advertising Services distributed prior to the presentation of 3D Content, LLC shall obtain any and all necessary consents to allow theatre patrons to use the 3D Glasses delivered to Regal by the provider of such 3D Content; provided that LLC shall be liable for, and, if necessary, reimburse Regal for, any and all costs imposed by such provider on either LLC or Regal for the use of 3D Glasses to view the 3D Advertising Services; provided, further, that if Regal agrees with such provider to purchase 3D Glasses in order to provide them to theatre patrons to view such 3D Content, then the Parties will negotiate in good faith a reasonable allocation of such costs between Regal and LLC, which costs shall include additional payroll or general and administrative costs incurred by Regal for inventory and storing such 3D Glasses for LLC. LLC will not interfere with the rights of Regal to advertise its business, products or services on storage bins for 3D Glasses, as set in the current agreement(s) between Regal and Regal D, or between Regal D and any distributor.

(c) Applicability of ESA Provisions. All provisions of this Agreement, including the revenue provisions of Article 2 and the content standards set forth in Section 4.03, will apply to any advertising on 3D Glasses, packaging for 3D Glasses and 3D Glasses recycling bins used by LLC in connection with the distribution of 3D Advertising Services. Advertising on 3D Glasses and packaging for 3D Glasses will be permitted only as approved by Regal in its sole and absolute discretion.

Section 4.17 Digital Programming Event Simulcast.

(a) Definition. Under the Digital Programming Exhibitor Services Agreement, Regal may exhibit a Digital Programming Event that is simulcast across a broadcast (or cable, including pay-per-view) network or the Internet (the “**Digital Programming Event Simulcast**”). LLC acknowledges that Digital Programming Event Simulcasts may contain third-

party advertising that is provided by the provider of such Digital Programming Event Simulcast as part of such simulcast. A store-forward event shall not be a Digital Programming Event Simulcast for purposes of this Agreement.

(b) Third-Party Advertising. For clarification, to the extent that the content provider allows any third-party advertising, trademarks, service marks, logos or other branding and/or third-party mentions for products and services to be included in a Digital Programming Event Simulcast, other than that provided by the content provider, as between, Regal, Alternative Content JV and LLC, LLC shall have the exclusive right to provide Event Simulcast Advertising Services. LLC acknowledges that Regal shall require that any third-party advertising to be exhibited during a Digital Programming Event Simulcast be subject to content standards substantially similar to those contained in Section 4.03 of this Agreement. If Regal grants Alternative Content JV a waiver of compliance with one or more of such standards, Regal will give LLC written notice of such waiver at such time as the waiver is granted. LLC shall be deemed to be granted a waiver from compliance with the content standards of Section 4.03 to the same extent for sole purposes of providing Event Simulcast Advertising Services for the Digital Programming Event Simulcast to which the waiver applies. If Regal or any of its Affiliates receives any compensation specifically for the broadcast of third-party advertising during a Digital Programming Event Simulcast, Regal or such Affiliate will pay LLC [***] percent ([***]%) of such compensation. For example purposes only, the receipt of revenue from ticket sales or revenue from a content provider or a Sponsor for the purpose of hosting a Digital Programming Event Simulcast (and such revenue is not in any way attributable to the Inventory) will not be considered compensation for advertising that must be paid to LLC. The exhibition by Regal at the direction of Alternative Content JV of any third-party advertising provided by the content provider of a Digital Programming Event Simulcast shall be expressly permitted by LLC hereunder notwithstanding the provisions of Section 2.04 hereof.

(c) No Liability. LLC will have no liability of any kind under this Agreement for any content included in a Digital Programming Event Simulcast, unless, and only to the extent that, LLC provides Event Simulcast Advertising Services.

Section 4.18 Event Sponsorships; Sponsor Message.

(a) Event Sponsorships. Under the Alternative Content Services Agreement, Alternative Content JV and LLC will work together in good faith to develop and sell Event Sponsorships for Digital Programming Events. No Sponsor for an Event Sponsorship may be a theatre or theatre circuit which is a competitor of Regal. Any Event Sponsorship provided by LLC shall be subject to the content standards of Section 4.03 of this Agreement. LLC acknowledges that Regal shall require any Event Sponsorship provided by Alternative Content JV to be subject to content standards substantially similar to those contained in Section 4.03 of this Agreement. If Regal grants Alternative Content JV a waiver of compliance with one or more of such standards, Regal will give LLC written notice of such waiver at such time as the waiver is granted. LLC shall be deemed to be granted a waiver from compliance with the content standards of Section 4.03 to the same extent for purposes of the sale of advertising by LLC for such Event Sponsorship to which the waiver applies. The exhibition of third-party advertising relating to an Event Sponsorship by Regal at the direction of Alternative Content JV shall be expressly permitted by LLC hereunder notwithstanding the provisions of Section 2.04 hereof; provided however, that LLC shall have no liability of any kind under this Agreement for any content provided by Alternative Content JV.

(b) Sponsor Message. If LLC or Alternative Content JV sell an Event Sponsorship for a Digital Programming Event, no third-party advertising, trademark, service mark, logo or other advertising or branding, including any third-party mentions for products and services, may be displayed, except a Sponsor Message may be included in the Digital Programming Events Pre-Feature Program, an Event Trailer, Branded Slot, Lobby Promotion or as part of a Strategic Program, subject to the limits of Section 4.07(b). Any Sponsor Message shall be limited to (a) up to 5 seconds per Sponsor and (b) not more than 10 seconds if there is more than one Sponsor setting forth a “sponsored by” or “presented by” mention. The Sponsor Message may include Sponsor’s logo and audio announcement or mention of the Sponsor’s name, subject to the limits in the previous sentence, and may not include any references of any kind to any of the Sponsor’s products or services. Under no circumstances will any Sponsor have the right to “pass-through” any of the marketing rights in the Event Sponsorship or Strategic Program.

ARTICLE 5

SUPPORT; MAKE GOODS

Section 5.01 Software Support. LLC reserves the right to request of Regal and agrees to consult with Regal during the Term on any proposed material changes or updates to the Software. LLC shall make available to Regal pursuant to the terms of the license in Section 7.01 below all such updates or modifications to the Software. Unless otherwise agreed to in writing by LLC, Regal shall not permit any third party to perform or provide any maintenance or support services with respect to the LLC Equipment or the Software.

Section 5.02 Cooperation. Regal agrees to take all actions during the Term that are within its control and reasonably necessary to permit the delivery, exhibition and viewing of the Advertising Services in the Theatres on the terms and conditions set forth herein.

Section 5.03 Make Goods. In the event that any Inventory scheduled for exhibition pursuant to Sections 4.06(a), 4.06(b) or 4.07 is not exhibited as scheduled, LLC shall take such action or provide such remedy as is required pursuant to the applicable Regal advertising agreement, including the exhibition of “make good” Inventory sufficient to achieve the level of Inventory content impressions necessary to satisfy any contractual obligations governing the exhibition of such Inventory. Regal acknowledges and agrees that such contractual obligations must have been timely disclosed to LLC in writing as a condition to the exercise of the foregoing exclusive right and remedy; such obligations as of the Original Effective Date have been provided by Regal to LLC in a separate letter. To the extent such third-party agreement prescribed a “make good” remedy, Regal agrees to make its Theatres (including screens and Lobby Screens, as applicable) available for the exhibition of such “make goods,” and LLC agrees to exhibit such “make goods” consistent with any contractual obligations of Regal concerning the exhibition of such “make goods.” LLC reserves the right to use excess or unsold Inventory as “make goods,” remnant advertising, other revenue generating advertising, public service announcements, and the like. Notwithstanding the foregoing, LLC shall only be required

to make any payment of moneys (including a refund of amounts paid by the applicable advertiser) in the event that the reason that the applicable Inventory was not exhibited or was exhibited in an incorrect position was primarily a result of actions or inactions by LLC (or its designees or assigns) and the applicable advertising agreement does not allow, or LLC otherwise does not provide, a remedy of exhibition of “make good” Inventory.

ARTICLE 6

INTENTIONALLY DELETED

ARTICLE 7

INTELLECTUAL PROPERTY

Section 7.01 Software License. Subject to the terms and conditions of this Agreement and the License Agreement, LLC hereby grants to Regal, and Regal hereby accepts, a non-exclusive, non-transferable, non-sublicenseable, limited license to install and execute the object code version of the Software solely for the limited purpose to receive, store, display and exhibit the Digital Content Service, the Traditional Content Program and the Digital Carousel, as applicable, on the LLC Equipment and the Regal Equipment solely in connection with its performance of and subject to all of the terms and conditions of this Agreement and only to the extent such Software is utilized by Regal.

Section 7.02 License of the LLC Marks.

(a) Grant. Subject to the terms and conditions of this Agreement and any guidelines or requirements provided in writing from time-to-time by LLC to Regal, LLC hereby grants at no additional cost to Regal, and Regal hereby accepts, a non-exclusive, non-transferable (except in connection with an assignment of this Agreement in accordance with Section 15.08 hereof), nonsublicenseable, limited license (i) to use the LLC Marks solely in connection with its participation in the Advertising Services, as approved by LLC in writing in advance (which shall not be unreasonably or untimely withheld), and (ii) to use the LLC Marks in marketing or advertising materials (“**Marketing Materials**”) that have been approved (which shall not be unreasonably or untimely withheld) by LLC pursuant to the terms hereof, provided and to the extent LLC shall have authorized Regal to promote the Advertising Services. Regal acknowledges that LLC is and shall remain the sole owner of the LLC Marks, including the goodwill of the business symbolized thereby. Regal recognizes the value of the goodwill associated with the LLC Marks and acknowledges and agrees that any goodwill arising out of the use of the LLC Marks or any of them by Regal shall inure to the sole benefit of LLC for all purposes hereof.

(b) Approval of Use. Prior to using any Marketing Material or depicting or presenting any LLC Mark in or on any marketing or advertising material or otherwise, Regal shall submit a sample of such Marketing Material or other material to LLC for approval. LLC shall exercise commercially reasonable efforts to approve (which shall not be unreasonably withheld) or reject any such Marketing Material or other material submitted to it for review within five (5) business days from the date of receipt by LLC. Regal shall not use, publish, or

distribute any Marketing Material or other material unless and until LLC has so approved it in writing. Upon receipt of such approval from LLC for a particular Marketing Material or other material, Regal shall not be obligated to submit to LLC substantially similar material for approval; provided, however, Regal shall timely furnish samples of all such material to LLC.

(c) Quality Standards. Any and all use or exercise of rights by Regal with respect to the LLC Marks or any other trademark, tradename, service mark or service name provided by LLC to Regal for use in connection with the Advertising Services shall be in accordance with standards of quality and specifications prescribed by LLC from time to time (the “**LLC Quality Standards**”) and which have been delivered to Regal. LLC shall have the right to change the LLC Quality Standards from time to time upon written notice to Regal, provided such modified LLC Quality Standards are equally and timely applied to any and all other exhibitors of the Advertising Services.

(d) Designation. Regal shall cause the appropriate designation “(TM)” or “(SM)” or the registration symbol “(R)” to be placed adjacent to the LLC Marks in connection with the use thereof and to indicate such additional or alternative information as LLC shall specify from time to time concerning the use by Regal of the LLC Marks as such is, equally and timely communicated and applied to any and all other exhibitors of the Advertising Services.

(e) Right to Suspend Use. Regal shall not use any LLC Mark in any manner that may reflect adversely on the image or quality symbolized by the LLC Mark, or that may be detrimental to the image or reputation of LLC. Notwithstanding anything herein to the contrary, LLC shall have the right, at its sole option, to terminate or suspend the trademark license grant provided herein if it determines that Regal’s use of the LLC Marks or any of them is in violation of its trademark usage guidelines or is otherwise disparaging to its image or reputation, and such use is not conformed to such guidelines and other reasonable requests of LLC within ten (10) days of receipt of written notice thereof.

(f) Use Limitations. Regal agrees not to use (i) any trademark or service mark which is confusingly similar to, or a colorable imitation of, any LLC Mark or any part thereof, (ii) any trademark or service mark in combination with any LLC Mark, except in the case of the Brand as created by LLC under the terms of Section 4.05(a) or (iii) any LLC Mark in connection with or for the benefit of any product or service of any other Person or entity, except in the case of the Brand as created by LLC under the terms of Section 4.05(a). Regal shall not engage in any conduct which may place LLC or any LLC Mark in a negative light or context, and shall not represent that it owns or has any interest in any LLC Mark other than as expressly granted herein, nor shall it contest or assist others in contesting the title or any rights of LLC (or any other owner) in and to any LLC Mark.

(g) Treatment. With respect to all of LLC’s approvals, rights and otherwise under this Section 7.02, LLC shall treat Regal at least as favorably with respect to each instance as it has for any other exhibitor of the Advertising Services.

Section 7.03 License of the Regal Marks.

(a) **Grant.** Subject to the terms and conditions of this Agreement, and any guidelines or requirements provided in writing from time-to-time by Regal to LLC, Regal hereby grants at no cost to LLC, and LLC hereby accepts, a non-exclusive, non-transferable (except in connection with an assignment of this Agreement in accordance with Section 15.08 hereof), nonsublicenseable, limited license (i) to use the Regal Marks solely in connection with its delivery of the Advertising Services, as approved (which shall not be unreasonably or untimely withheld) by Regal in writing in advance, and (ii) to use the Regal Marks in Marketing Materials that have been approved (which shall not be unreasonably or untimely withheld) by Regal pursuant to the terms hereof. LLC acknowledges that Regal is and shall remain the sole owner of the Regal Marks, including the goodwill of the business symbolized thereby. LLC recognizes the value of the goodwill associated with the Regal Marks and acknowledges and agrees that any goodwill arising out of the use of the Regal Marks by LLC shall inure to the sole benefit of Regal for all purposes hereof.

(b) **Approval of Use.** Prior to using any Marketing Material or depicting or presenting any Regal Mark in or on any marketing or advertising material or otherwise, LLC shall submit a sample of such Marketing Material or other material to Regal for approval. Regal shall exercise commercially reasonable efforts to approve (which shall not be unreasonably withheld) or reject any such Marketing Material or other material submitted to it for review within five (5) business days from the date of receipt by Regal LLC shall not use, publish, or distribute any Marketing Material or other material unless and until Regal has so approved it in writing. Upon receipt of such approval from Regal for a particular Marketing Material or other material, LLC shall not be obligated to submit to Regal substantially similar material for approval; provided, however, LLC shall timely furnish samples of all such material to Regal.

(c) **Quality Standards.** Any and all use or exercise of rights by LLC with respect to the Regal Marks or any other trademark, tradename, service mark or service name provided by Regal to LLC for use in connection with the Advertising Services shall be in accordance with standards of quality and specifications prescribed by Regal from time to time (the “**Regal Quality Standards**”) and provided to LLC. Regal shall have the right to change the Regal Quality Standards from time to time upon written notice to LLC.

(d) **Designation.** LLC shall cause the appropriate designation “(TM)” or “(SM)” or the registration symbol “(R)” to be placed adjacent to the Regal Marks in connection with the use thereof and to indicate such additional or alternative information as Regal shall specify from time to time concerning the use by LLC of the Regal Marks as such is equally and timely communicated and applied to any and all other licensees of the Regal Marks.

(e) **Right to Suspend Use.** LLC shall not use any Regal Mark in any manner that may reflect adversely on the image or quality symbolized by the Regal Mark, or that may be detrimental to the image or reputation of Regal. Notwithstanding anything herein to the contrary, Regal shall have the right, at its sole option, to terminate or suspend the trademark license grant provided herein if it determines that LLC’s use of the Regal Marks or any of them is in violation of its trademark usage guidelines or is otherwise disparaging to its image or reputation, and such use is not conformed to such guidelines and other reasonable requests of Regal within ten (10) days of receipt of written notice thereof.

(f) Use Limitations. LLC agrees not to use (i) any trademark or service mark which is confusingly similar to, or a colorable imitation of, any Regal Mark or any part thereof, (ii) any trademark or service mark in combination with any Regal Mark, except for the LLC Marks as permitted under this Agreement or (iii) any Regal Mark in connection with or for the, benefit of any product or service of any other Person or entity, except for the LLC Marks as permitted under this Agreement. LLC shall not engage in any conduct which may place Regal or any Regal Mark in a negative light or context, and shall not represent that it owns or has any interest in any Regal Mark other than as expressly granted herein, nor shall it contest or assist others in contesting the title or any rights of Regal (or any other owner) in and to any Regal Mark.

Section 7.04 Status of the LLC Marks and Regal Marks. Without expanding the rights and licenses granted under this Agreement, the Parties acknowledge and agree that (a) the rights and licenses granted under this Agreement to use the LLC Marks and Regal Marks permit the use of the Regal Marks in combination or connection with the LLC Marks, (b) the use of the Regal Marks in combination or connection with the LLC Marks, whether in the Brand, Policy Trailer, Branded Slots, Marketing Materials or otherwise in connection with the participation in or delivery of the Advertising Services, will not be deemed to create a composite or combination mark consisting of the Regal Marks and the LLC Marks, but instead will be deemed to create and will be treated by the Parties as creating a simultaneous use of the LLC Marks and Regal Marks as multiple separate and distinct trademarks or service marks, (c) neither Party will claim or assert any rights in a composite mark consisting of elements of the LLC Marks and Regal Marks, and (d) all use of the Regal Marks and the LLC Marks under this Agreement will be subject to the provisions regarding the use and ownership of the Regal Marks and LLC Marks contained in this Agreement.

ARTICLE 8

FEES

Section 8.01 Payment. Except as otherwise provided in this Agreement (e.g., payment of the Theatre Access Fees pursuant to Section 2.05(b)), all amounts due by one Party to the other under this Agreement shall be paid in full within thirty (30) days after the receipt by the paying Party of an invoice therefor. Each Party agrees that invoices for amounts payable by the other Party will not be issued until the event triggering such payment obligation has occurred, or the condition triggering such payment obligation has been satisfied, as applicable.

Section 8.02 Administrative Fee. Regal may request the right to use the Digital Content Network for the delivery of any Digital Programming Events, Digital Programming Event Pre-Feature Program, Event Trailers, Trailers, PSA Trailers, meeting events or other entertainment content programming and, if such use is acceptable to LLC, Regal shall pay an Administrative Fee for such use as set forth in Exhibit B.

Section 8.03 Audit. Each Party shall keep and maintain accurate books and records of all matters relating to the performance of its obligations hereunder, including without limitation the sale of advertising, in accordance with generally accepted accounting principles. During the Term and for a period of one (1) year thereafter, each Party, at its sole expense, shall, upon

reasonable advance written notice from the other Party, make such books and records (redacted, as applicable, to provide information relative to the Advertising Services and this Agreement) available at its offices for inspection and audit by the other Party, its employees and agents. Any audit with respect to amounts payable by either Party to the other Party under this Agreement shall be limited to an audit with respect to amounts to be paid in the current calendar year and immediately preceding calendar year only. Any period that has been audited pursuant to this section shall not be subject to any further audit. In the event an audit of the books and records of a Party reveals an underpayment to the other Party, the audited Party shall pay to the other Party the amount of such underpayment within 30 days of the completion of the audit. If such audit determines that the underage in payments paid to a Party were in the aggregate in excess of five percent (5%) of the payments owed, the Party owing the payment shall, in addition to making the payment set forth above, reimburse the Party receiving the payment for all reasonable costs, expenses and fees incurred in connection with such audit. Any disputes between the Parties relating to the calculation of amounts owed shall be referred to a mutually satisfactory independent public accounting firm that has not been employed by either Party for the two (2) year period immediately preceding the date of such referral. The determination of such firm shall be conclusive and binding on each Party, and judgment upon any such determination can be entered in any court having jurisdiction over the matter. Each Party shall bear one-half of the fees of such firm. If the Parties cannot select such accounting firm, then the selection of such accounting firm shall be made by the American Arbitration Association located in New York, New York. In addition to the foregoing audit rights of the Parties, during the Term, LLC and its authorized agents shall have the right, upon reasonable advance notice, to inspect any Regal premises or facilities involved in the performance of this Agreement to confirm the performance and satisfaction of Regal's obligations hereunder.

ARTICLE 9

TERM AND TERMINATION

Section 9.01 Term. Unless earlier terminated as provided below, the term of this Agreement shall begin on the Original Effective Date and shall continue through February 13, 2037 (the "**Initial Term**"), after which Regal shall have the right to renew this Agreement on the terms as set forth in this Agreement for continuous, successive five-year periods (each, a "**Renewal Term**," and together with the Initial Term, the "**Term**"). Regal shall give LLC written notice of any intent to exercise its right to renew at least thirty (30) days prior to the expiration of the Initial Term and any Renewal Term. The Parties shall, for a period of six (6) months commencing eighteen (18) months before the conclusion of the Initial Term and any Renewal Term, negotiate in good faith terms, if any, on which they may agree to extend the Initial Term or any Renewal Term, and, if such agreement is reached, this Agreement shall be amended to incorporate such terms. Unless this Agreement is extended by Regal, this Agreement may only be extended by subsequent written agreement of the Parties. Prior to and during such six (6) month period, Regal shall not enter into or conduct any negotiations with any third party with respect to any service that may be competitive with the Advertising Services or any feature thereof.

Section 9.02 Termination; Defaults. Either Party may terminate this Agreement, immediately, by giving written notice of termination to the other, and without prejudice to any other rights or remedies the terminating Party may have, if:

(a) **Breach of Material Provision.** The other Party materially breaches this Agreement, other than any provision of Section 15.08, and fails to cure such breach within ninety (90) days after receipt from the terminating Party of written notice of the breach specifying in detail the nature of the breach, provided, that if such material breach cannot be cured within ninety (90) days from the notice, then the ninety-day period shall be extended as long as is reasonably necessary to cure such breach if the Party receiving notice diligently attempts to cure such breach; and provided, further, that if any such breach by Regal is confined to a Theatre or limited number of Theatres, LLC shall have the right in its sole discretion to terminate this Agreement only as to such Theatre or Theatres.

(b) **Breach of Anti-Assignment Provision.** The other Party materially breaches any provision of Section 15.08, and fails to cure such breach within thirty (30) business days after receipt from the terminating Party of written notice of the breach; provided, that if such breach cannot be cured within thirty (30) business days from the notice, then the period of thirty business days shall be extended as long as is reasonably necessary to cure such breach if the Party receiving notice diligently attempts to cure such breach; and provided, further, that if any such breach by Regal is confined to a Theatre or limited number of Theatres, LLC shall have the right in its sole discretion to terminate this Agreement only as to such Theatre or Theatres.

(c) **Injunction, Order or Decree.** Any governmental, regulatory or judicial entity of competent jurisdiction shall have issued a permanent injunction or other final order or decree which is not subject to appeal or in respect of which all time periods for appeal have expired, enjoining or otherwise preventing LLC or, Regal from performing, in any material respect, this Agreement.

(d) **Bankruptcy.** The dissolution, bankruptcy, insolvency or appointment of a receiver or trustee of the other Party that is not dismissed within sixty (60) days, or the other Party convenes a meeting of creditors, has a receiver appointed, ceases for any reason to carry on business or is unable to pay its debts generally.

Section 9.03 Right of First Refusal.

(a) **ROFR Period.** For a period (the “**ROFR Period**”) beginning 12 months prior to the end of the scheduled expiration of this Agreement pursuant to Section 9.01 and ending 48 months after expiration of this Agreement, Regal shall not enter into any agreement or arrangement with a third party (whether in writing or otherwise) (an “**Alternative Agreement**”) to receive services that were being provided by LLC to Regal at any time during the one-year period ending on expiration of this Agreement (“**Designated Services**”) without complying with this Section 9.03.

(b) **ROFR Notice.** Before entering into or committing to enter into an Alternative Agreement, Regal shall present to LLC notice (the “**ROFR Notice**”) containing a summary of all material terms and conditions of the proposed Alternative Agreement. The

ROFR Notice shall state that Regal intends to enter into the Alternative Agreement and shall certify that there are no other direct or indirect arrangements or understandings with respect to the provision of the Designated Services that have not been disclosed to LLC.

(c) Information Request. Regal shall provide LLC such additional and supplemental information as LLC shall reasonably request within 10 days of receiving such request and Regal shall cooperate fully with LLC in its evaluation of the Alternative Agreement.

(d) ROFR Response. LLC shall have the right during a period ending 90 days after submission of the Alternative Agreement (or in the event additional information is requested by LLC, within 90 days after the final submission to LLC of such additional information) (the “**ROFR Response Period**”) to give Regal written notice (the “**ROFR Response**”) that it either (i) will enter into an agreement with Regal providing Regal with the Designated Services on terms and conditions no less favorable to Regal than those contained in the Alternative Agreement or (ii) does not seek to provide the Designated Services.

(e) Negotiation regarding Portion of Designated Services. If any of the Designated Services to be provided by the Alternative Agreement cannot reasonably be provided by LLC, then LLC and Regal shall negotiate in good faith during the ROFR Response Period as to LLC’s ability to provide certain portions of the Designated Services; provided that should (x) Regal and LLC fail to reach agreement on LLC’s provision of the Designated Services in part and (y) LLC fails to agree to provide all of the Designated Services by the end of the ROFR Response Period, then Regal shall be permitted to enter into the Alternative Agreement on terms no less favorable to Regal than those set forth in the ROFR Notice as provided in Section 9.03(b) above. If Regal fails to enter into such Alternative Agreement within 45 days after the end of the ROFR Response Period, then the procedures set forth in this Section 9.03 shall once again become applicable.

(f) Alternative Proposals. During the period commencing on the date that Regal provides LLC the ROFR Notice and continuing until the earlier of (i) the end of the ROFR Response Period and (ii) the date LLC notifies Regal that it does not seek to provide the Designated Services, Regal shall not solicit alternative proposals from any other party for the Designated Services.

(g) Agreement. If either (i) LLC delivers a ROFR Response indicating that LLC wants to provide Regal with the Designated Services on the terms and conditions set forth in the ROFR Notice or (ii) the Parties agree that LLC will provide only certain of the Designated Services, the Parties will, within 45 days of such verbal agreement, enter into a written agreement to provide the agreed-on Designated Services on such terms and conditions. If Regal and LLC fail to enter into such agreement within 45 days after the end of the ROFR Response Period, then Regal shall have 45 days thereafter to enter into the Alternative Agreement on the terms and conditions no less favorable to Regal than those set forth in the ROFR Notice. If Regal fails to enter into such Alternative Agreement within such 45 day period, then the provisions of this Section 9.03 shall once again become applicable.

(h) Entry into Alternative Agreement. If either (i) LLC delivers a ROFR Response indicating that LLC does not want to provide Regal with the Designated Services on

the terms and conditions set forth in the ROFR Notice or (ii) the Parties agree that LLC will provide only certain of the Designated Services, Regal shall be permitted, with respect to those Designated Services not provided by LLC, to enter into the Alternative Agreement on the terms and conditions no less favorable to Regal than those set forth in the ROFR Notice. If Regal fails to enter into such Alternative Agreement within 45 days after the end of the ROFR Response Period, then the provisions of this Section 9.03 shall once again become applicable.

Section 9.04 Survival. Articles 1, 10, 11, 13, 14 and 15 and Sections 9.04, 9.05 and 9.06 shall survive any expiration or termination of this Agreement, and Section 9.03 shall survive any expiration of this Agreement.

Section 9.05 Effect of Termination. Upon termination or expiration of this Agreement, each Party may exercise all remedies available to it as a matter of law and upon prior notice to Regal, LLC shall be entitled to enter the Theatres, and any other premises of Regal where any LLC Property may be located (or in the event of partial termination of this Agreement pursuant to Section 9.02(a) or (b) the affected Theatre(s) or premises), at a time mutually agreed to by the Parties in order to recover any and all LLC Property. In the event LLC fails to recover any LLC Property within the timeframe the Parties agree upon for such recovery, Regal shall have the right to remove and dispose of such LLC Property in its sole discretion, provided that any Software included in the LLC Property shall be recovered and returned to LLC at LLC's expense. LLC shall be obligated to restore all premises from which LLC Property is removed pursuant to this section to their previous condition, excluding reasonable wear and tear and any other improvements or material alterations to such premises as may have been approved by the Parties in connection with installation of LLC Equipment or operation of the Advertising Services and shall repair any damage to the premises as a result of such removal. In addition, any and all licenses granted by either Party to the other under this Agreement shall immediately terminate, Regal shall cease using LLC Marks, LLC shall cease using Regal Marks and LLC shall be entitled to immediately discontinue the Advertising Services. Promptly upon termination or expiration of this Agreement, and except as expressly provided in Article 8 of the License Agreement, each Party shall return to the other Party all Confidential Information of the other Party, or, at the other Party's option, destroy such Confidential Information and promptly provide to the other Party a certificate signed by an officer of the Party attesting to such destruction. Notwithstanding termination of this Agreement, each Party shall pay to the other, within thirty (30) days after the effective date of such termination, any and all fees (including costs and expenses) and other amounts owed hereunder as of such termination.

ARTICLE 10

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 10.01 Representations and Warranties. Each Party represents and warrants that:

(a) **Formation.** It (i) is duly formed and organized, validly existing, and in good standing under the laws of the jurisdiction of its formation and incorporation and has the power and authority to carry on its business as carried on, and (ii) has the right to enter into this Agreement and to perform its obligations under this Agreement and has the power and authority to execute and deliver this Agreement.

(b) Governmental Authorization. Any registration, declaration, or filing with, or consent, approval, license, permit or other authorization or order by, any governmental or regulatory authority, domestic or foreign, that is required to be obtained by it in connection with the valid execution, delivery, acceptance and performance by it under this Agreement or the consummation by it of any transaction contemplated hereby has been completed, made, or obtained, as the case may be.

(c) Consents. It is the exclusive owner of, or otherwise has or will have timely obtained all rights, licenses, clearances and consents necessary to make the grants of rights made or otherwise perform its obligations under this Agreement as required under this Agreement.

(d) No Conflicts. The execution and delivery of this Agreement do not, and the performance of its obligations under this Agreement and the consummation of the transactions contemplated hereby will not (with or without notice or lapse of time or both) (i) conflict with or result in a violation or breach of its charter or other organizational documents; (ii) conflict with or result in a violation or breach of any law or order applicable to it, or (iii) (A) conflict with or result in a violation or breach of, (B) constitute a default under, or (C) result in the creation or imposition of any lien upon it or any of its assets and properties under, any material contract or material license to which it or any of its Affiliates is a party or by which any of its or their respective assets and properties are bound.

Section 10.02 Additional Covenants.

(a) No Challenge. Each Party covenants that it will not at any time, except to the extent necessary to, assert or defend its rights under this Agreement: (i) challenge or otherwise do anything inconsistent with the other Party's right, title or interest in its property, (ii) do or cause to be done or omit to do anything, the doing, causing or omitting of which would contest or in any way impair or tend to impair the rights of the other Party in its property or the rights of third party licensors or providers in their property, or (iii) assist or cause any Person or entity to do any of the foregoing.

(b) No Infringement by Regal. Regal covenants that, except as Regal discloses in writing concurrently with the execution hereof and excluding any intellectual property or other rights licensed pursuant to the License Agreement, none of the information, content, materials, or services it supplies or has supplied on its behalf under this Agreement to its knowledge infringes or misappropriates, or will infringe or misappropriate, any U.S. patent, trademark, copyright or other intellectual property or proprietary right of any third party to the extent used in accordance with the terms and conditions of this Agreement.

(c) No Infringement by LLC. LLC covenants that, except as specified in Section 10.02(b) and excluding any intellectual property or other rights licensed pursuant to the License Agreement, (i) to its knowledge, the Advertising Services will not violate, infringe or dilute any trademark, tradename, service mark or service name or any other intellectual property

of any third party or the right of privacy or publicity of any person and (ii) LLC shall procure any and all consents, licenses or permits necessary relating to the Advertising Services provided to Regal and shall pay all license fees and royalties to the appropriate parties that become due and owing as a result of the performance of the Advertising Services or any other services as may be provided by LLC to Regal from time to time, other than film rent to the film distributors.

Section 10.03 Disclaimer. EXCEPT AS EXPRESSLY AND EXPLICITLY SET FORTH IN THIS AGREEMENT, ANY AND ALL INFORMATION, PRODUCTS, AND SERVICES, INCLUDING, WITHOUT LIMITATION, THE REGAL PROPERTY AND LLC PROPERTY, ARE PROVIDED “AS IS” AND “WITH ALL FAULTS,” AND NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, AND EACH PARTY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, WRITTEN OR ORAL, ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, TITLE AND FITNESS FOR A PARTICULAR PURPOSE. NEITHER PARTY MAKES ANY REPRESENTATION THAT THE DIGITAL CONTENT SERVICE OR ITS DISPLAY, OR RECEIPT OF ANY OTHER SERVICES, WILL BE UNINTERRUPTED OR ERROR-FREE.

ARTICLE 11

INDEMNIFICATION

Section 11.01 Indemnification.

(a) Indemnification by Regal. Regal shall defend, indemnify, and hold harmless LLC and its officers, directors, members, owners, contractors, employees, representatives, agents, successors, and assigns (collectively, “**Representatives**”) from and against any and all losses, obligations, risks, costs, claims, liabilities, settlements, damages, liens, judgments, awards, fines, penalties, expenses and other obligations whatsoever (including, without limitation, reasonable attorneys’ fees and disbursements, except as limited by Section 11.02, and any consultants or experts and expenses of investigation) (collectively, “Costs”) suffered or incurred by LLC or its Representatives in connection with, as a result of, based upon, or relating to, (i) any breach by Regal of this Agreement, (ii) any use by Regal of any LLC Property (other than LLC Property licensed by LLC to Regal under the License Agreement) other than as authorized by this Agreement, (iii) any third-party claims directly resulting from acts or omissions of Regal or its designee(s), (iv) any breach of a Legacy Agreement prior to the date on which such Legacy Agreement is assigned to LLC, (v) Regal’s fraud, willful misconduct, or noncompliance with law, (vi) any infringement, violation, misappropriation, or misuse of any third-party intellectual property rights by the Regal Property (excluding the intellectual property or other rights licensed by Regal pursuant to the License Agreement); or (vii) any items disclosed by Regal pursuant to Section 10.02(b).

(b) Indemnification by LLC. LLC shall defend, indemnify, and hold harmless Regal and its Representatives from and against any and all Costs suffered or incurred by Regal or its Representatives in connection with, as a result of, based upon, or relating to, (i) any breach by

LLC of this Agreement, (ii) any use by LLC of any information, content or other materials supplied by or on behalf of Regal hereunder (including the Brand), but not under the License Agreement, other than as authorized by this Agreement, (iii) any breach of a Legacy Agreement on or after the date on which such Legacy Agreement is assigned to LLC, (iv) any damage caused by LLC, its vendors or subcontractors in installation, inspection or maintenance of any Equipment, (v) any third-party claims directly resulting from acts or omissions of LLC or its designee(s), including subcontractors, (vi) any infringement, violation, misappropriation, or misuse of any third-party intellectual property rights by the LLC Property (excluding the intellectual property or other rights licensed by LLC pursuant to the License Agreement); or (vii) LLC's fraud, willful misconduct, or noncompliance with law.

(c) Mutual Indemnification. Each Party (the "**Indemnifying Party**") shall defend, indemnify, and hold harmless the other Party and the other Party's Representatives from and against any and all Costs suffered or incurred by the other Party or the other Party's Representatives in connection with or as a result of, and from and against any and all third party claims, suits, actions, or proceedings actually or allegedly arising out of, based upon, or relating to any infringement or dilution of any third party trademark, tradename, service mark or service name by any trademark, tradename, service mark or service name provided by the Indemnifying Party. In the event of any infringement or dilution giving rise to a claim for indemnification under Sections 10.02(b), 10.02(c) or 11.01(a)(iii), or if infringement or dilution potentially giving rise to a claim under this Section is, in the Indemnifying Party's opinion, likely to occur the Indemnifying Party may, either: (i) procure for the other Party the right to continue using the trademark, tradename, service mark or service name in question, (ii) replace or modify the trademark, tradename, service mark or service name in question with a non-infringing or non-dilution alternative; or (iii) order the other Party to cease use of, and terminate the grant of rights under this Agreement with respect to, the trademark, tradename, service mark or service name in question. The Indemnifying Party will have no obligation under this Section for any infringement or dilution caused by, and the other Party will indemnify the Indemnifying Party in the event of, use by the other Party of the trademark, tradename, service mark or service name in question: (A) after the Indemnifying Party has notified the other Party to cease use of that trademark, tradename, service mark or service name; (B) in combination with any other trademark, tradename, service mark or service name not supplied by the Indemnifying Party; or (C) in breach of this Agreement. This Section 11.01(c) states each Party's entire liability and sole and exclusive remedy for infringement or dilution claims or actions relating to third party trademarks, tradenames, service marks or service names in connection with this Agreement.

Section 11.02 Defense of Action. An indemnitor under this Article shall have the right to control the defense and settlement of any and all claims, suits, proceedings, and actions for which such indemnitor is obligated to indemnify, hold harmless, and defend hereunder, but the indemnitee shall have the right to participate in such claims, suits, proceedings, and actions at its own cost and expense. An indemnitor shall have no liability under this Article 11 unless the indemnitee gives notice of such claim to the indemnitor promptly after the indemnitee learns of such claim so as to not prejudice the indemnitor. Under no circumstance shall either Party hereto settle or compromise or consent to the entry of any judgment with respect to any claim, suit, proceeding, or action that is the subject of indemnification hereunder without the prior written consent of the other Party, except for settlement involving only monetary payment by the indemnitor or no commitment or admission by the indemnitee, which consent shall not be withheld or delayed unreasonably.

ARTICLE 12

ADDITIONAL RIGHTS AND OBLIGATIONS

Section 12.01 Assistance. Each Party, upon the request of the other, shall perform any and all further reasonable acts and reasonably execute, acknowledge, and deliver any and all documents which the other Party determines in its sole reasonable judgment may be necessary, appropriate, or desirable to carry out the intent and purposes of this Agreement, including without limitation to document, perfect, or enforce the other Party's right, title, or interest in and to any of such Party's property, as well as any assistance requested in connection with the proceedings, suits, and hearings described in Section 12.02.

Section 12.02 Infringement. The Parties shall notify one another promptly, in writing, of any alleged, actual or threatened infringement, violation, misappropriation or misuse of or interference with ("**Infringement**") any intellectual property which such Party knows of or has reason to suspect.

Section 12.03 Theatre Passes. Upon the request of LLC's CEO, Regal will issue a number of annual passes, as reasonably requested by LLC and agreed by the parties and as reasonably consistent with prior practice, to the Theatres for use by LLC advertising clients, subject to Regal's ability to issue such passes pursuant to Regal's agreements with film distributors. LLC may purchase passes in excess of such number each year at a reasonably negotiated price. All other tickets used by LLC for promotional and sales purposes will be acquired by LLC at Regal's then current group ticket discount rate.

Section 12.04 Compliance with Law. Regal and LLC shall each at all times operate and conduct its business, including, without limitation, exercising its rights under this Agreement, in compliance with all applicable international, national, state, and local laws, rules, and requirements, and the compliance by either Party with such laws, rules and requirements shall under no circumstances be deemed a breach of this Agreement.

Section 12.05 Insurance. Regal shall maintain with financially sound and reputable insurance companies insurance on the Theatres and Equipment in such amounts and against such perils as Regal deems adequate for its business. LLC shall maintain with financially sound and reputable insurance companies insurance for its business and Equipment in such amounts and against such perils as LLC deems adequate for its business. Each Party will name the other Party (including its agents, officers, directors, employees and affiliates) as an additional insured on such policies of insurance. Furthermore, to the extent reasonably practicable, LLC shall use commercially reasonable efforts to have Regal listed as an additional insured on any insurance policy carried by the advertiser, agent or event promoter in connection with Advertising Services provided under this Agreement.

Section 12.06 Most Favored Nations. LLC shall promptly provide to Regal a copy of each agreement, amendment or extension as may be entered into by LLC on or after the Original

Effective Date with each Founding Member which amends any term of the Exhibitor Services Agreement entered into with any of the Founding Members, as such may be amended from time to time. The Parties recognize and acknowledge that the provision of the Advertising Services is dependent on the cooperation and operational support of LLC and the Founding Members and, from time to time, LLC may elect to waive compliance with a term of this Agreement or a term of an Exhibitor Services Agreement entered into with another Founding Member, so long as LLC acts reasonably and fairly in granting waivers requested by each of Regal, AMC and Cinemark, as applicable. If LLC acts reasonably and fairly in granting such waivers to each of Regal, AMC and Cinemark and any such waivers do not materially alter the applicable Exhibitor Services Agreement, then such waiver will not be considered an amendment of the relevant exhibitor's Exhibitor Services Agreement for purposes of this Agreement and shall not be covered by the terms of this Section 12.06. Such copies shall be redlined to reflect all differences between such agreements or amendments and this Agreement or corresponding amendment. At the election of Regal, by written notice to LLC within twenty (20) days following its receipt of such agreements or amendments, to amend this Agreement so that it conforms, in part or whole, to any one of such agreements or amendments, this Agreement shall be deemed so amended by LLC and Regal as soon as reasonably practicable after receipt of such notice.

Section 12.07 Non-Competition and Non-Solicitation.

(a) Non-Competition. In consideration of Regal's participation in LLC and in consideration of the mutual covenants and agreements contained in this Agreement, Regal and its Affiliates agree, except as otherwise provided in this Agreement, not to engage or participate in any business, hold equity interests, directly or indirectly, in another entity, whether currently existing or hereafter created, or participate in any other joint venture that competes or would compete with any business that LLC is authorized to conduct in the Territory pursuant to this Agreement, whether or not LLC is actually conducting such business in a particular portion of the Territory. The foregoing restrictions shall not apply (i) in the event Regal or its Affiliate acquires a competing business in the Territory as an incidental part of an acquisition of any other business that is not prohibited by the foregoing, if Regal disposes of the portion of such business that is a competing business as soon as practicable, (ii) to any direct or indirect ownership or other equity investments by Regal or its Affiliates in such other competing business that represents in the aggregate less than 10% of the voting power of all outstanding equity of such business, and (iii) in the event Regal enters into any agreement for the acquisition or installation of equipment or the provision of services on customary terms that does not violate the exclusivity of LLC hereunder with any entity that has other businesses and provides other services that may compete with LLC.

(b) Non-Solicitation. For the Term of this Agreement and a three-year period after its termination or expiration, each Party shall not, without the prior written approval of the other Party, directly or indirectly: (i) solicit for hire any employees of any other Party or its Affiliates at the level of vice president or higher; or (ii) induce any such employee of such Party to terminate their relationship with such Party. The foregoing will not apply to individuals hired as a result of the use of a general solicitation (such as a newspaper, radio or television advertisement) not specifically directed to the employees of such Party.

ARTICLE 13

OWNERSHIP

Section 13.01 Property.

(a) **LLC Property.** As between LLC and Regal, LLC owns, solely and exclusively, any and all right, title, and interest in and to the Advertising Services (including all Inventory and other content supplied by or on behalf of LLC), the LLC Marks, the Software (excluding any Software owned by Regal as provided in the License Agreement), LLC's Confidential Information, the Digital Content Network, and any and all other data, information, Equipment (excluding the Regal Equipment), material, inventions, discoveries, processes, methods, technology, know-how, written works, software, works of visual art, audio works, and multimedia works provided, developed, created, reduced to practice, conceived, or made available by or on behalf of LLC to Regal or used by LLC to perform any of its obligations under or in connection with this Agreement, as well as any and all translations, improvements, adaptations, reproductions, look and feel attributes, and derivatives thereof (collectively, the "**LLC Property**"), and, except as expressly and explicitly stated in this Agreement, reserves all such right, title, and interest.

(b) **Regal Property.** As between Regal and LLC, Regal owns, solely and exclusively, any and all right, title, and interest in and to all content supplied by or on behalf of Regal, the Regal Marks, Software not included in Section 13.01(a) above, Regal's Confidential Information, and any and all other data, information, Equipment (excluding the LLC Equipment), material, inventions, discoveries, processes, methods, technology, know-how, written works, software, works of visual art, audio works, and multimedia works provided, developed, created, reduced to practice, conceived, or made available by or on behalf of Regal to LLC or used by Regal to perform any of its obligations under or in connection with this Agreement, as well as any and all translations, improvements, adaptations, reproductions, look-and-feel attributes, and derivatives thereof (collectively, the "**Regal Property**"), and, except as expressly and explicitly stated in this Agreement, reserves all such right, title, and interest.

Section 13.02 Derived Works.

(a) **Derived Works from LLC Property.** Any and all data, information, and material created, conceived, reduced to practice, or developed pursuant to this Agreement, but not pursuant to the License Agreement, including, without limitation, written works, processes, methods, inventions, discoveries, software, works of visual art, audio works, look-and-feel attributes, and multimedia works, to the extent based on, using, or derived from, in whole or in part, any LLC Property, whether or not done on LLC's facilities, with LLC's equipment, or by LLC personnel, by either Party alone or with each other or any third party, and any and all right, title, and interest therein and thereto (including, but not limited to, the right to sue for past infringement) (collectively, "**LLC Derived Works**"), shall be owned solely and exclusively by LLC, and Regal hereby assigns, transfers, and conveys to LLC any right, title, or interest in or to any LLC Derived Work which it may at any time acquire by operation of law or otherwise. To the extent any LLC Derived Works are included in the Advertising Services, LLC hereby grants to Regal during the Term a non-exclusive, non-transferable, non-sublicenseable license to such LLC Derived Works solely for use in connection with the Advertising Services, as expressly provided by this Agreement.

(b) Derived Works from Regal Property. Except as specified in Section 13.02(a), any and all data, information, and material created, conceived, reduced to practice, or developed pursuant to this Agreement, but not pursuant to the License Agreement, including, without limitation, written works, processes, methods, inventions, discoveries, software, works of visual art, audio works, look-and-feel attributes, and multimedia works, to the extent based on, using, or derived from, in whole or in part, any Regal Property (and specifically including any materials included in the Policy Trailer or the Branded Slots based on or derived from materials supplied by Regal), whether or not done on Regal's facilities, with Regal's or LLC's equipment, or by Regal personnel, by either Party alone or with each other or any third party, and any and all right, title, and interest therein and thereto (including, but not limited to, the right to sue for past infringement) (collectively, "**Regal Derived Works**"), shall be owned solely and exclusively by Regal, and LLC hereby assigns, transfers, and conveys to Regal any right, title, or interest in or to any Regal Derived Work which it may at any time acquire by operation of law or otherwise. To the extent any Regal Derived Works are included in the Advertising Services, Regal hereby grants to LLC during the Term a nonexclusive, non-transferable, non-sublicenseable license to such Regal Derived Works solely for use in connection with the Advertising Services, as expressly provided by this Agreement.

Section 13.03 No Title. This Agreement is not an agreement of sale, and (a) no title or ownership interest in or to any LLC Property is transferred to Regal, and (b) no title or ownership interest in or to any Regal Property is transferred to LLC, as a result of or pursuant to this Agreement. Further, (i) Regal acknowledges that its exercise of rights with respect to the LLC Property shall not create in Regal any right, title or interest in or to any LLC Property and that all exercise of rights with respect to the LLC Property and the goodwill symbolized thereby or connected therewith will inure solely to the benefit of LLC, and (ii) LLC acknowledges that its exercise of rights with respect to the Regal Property shall not create in LLC any right, title or interest in or to any Regal Property and that all exercise of rights with respect to the Regal Property and the goodwill symbolized thereby or connected therewith will inure solely to the benefit of Regal.

ARTICLE 14

CONFIDENTIALITY

Section 14.01 Confidential Treatment. For a period of three years after the termination of this Agreement:

(a) Treatment of Confidential Information. Each Party shall use and cause its Affiliates to use the same degree of care it uses to safeguard its own Confidential Information and to cause its and its Affiliates' directors, officers, employees, agents and representatives to keep confidential all Confidential Information; and each Party shall hold and shall cause its Affiliates to hold and shall cause its and its Affiliates' directors, officers, employees, agents and representatives to hold in confidence, unless compelled to disclose by judicial or administrative process or, in the opinion of counsel, by the requirements of law, Confidential Information.

(b) LLC's Confidential Information. Regal agrees that the Confidential Information of LLC shall only be disclosed in secrecy and confidence, and is to be maintained by Regal in secrecy and confidence subject to the terms hereof. Regal shall (i) not, directly or indirectly, use the Confidential Information of LLC, except as necessary in the ordinary course of LLC's business, or disclose the Confidential Information of LLC to any third party and (ii) inform all of its employees to whom the Confidential Information of LLC is entrusted or exposed of the requirements of this Section and of their obligations relating thereto.

(c) Regal's Confidential Information. Confidential Information of Regal shall not be supplied by LLC or its Subsidiaries to any Person who is not an employee of LLC, including any employee of a Member or of LLC's manager who is not an employee of LLC. Notwithstanding the foregoing, Regal Confidential Information may be disclosed to authorized third-party contractors of LLC if LLC determines that such disclosure is reasonably necessary to further the business of LLC, and if such contractor executes a non-disclosure agreement preventing such contractor from disclosing Regal's Confidential Information for the benefit of each provider of Regal's Confidential Information in a form reasonably acceptable to the Founding Members. Regal's Confidential Information disclosed to LLC shall not be shared with any other Member without Regal's written consent.

Section 14.02 Injunctive Relief. It is understood and agreed that each Party's remedies at law for a breach of this Article 14, as well as Section 12.07, will be inadequate and that each Party shall, in the event of any such breach or the threat of such breach, be entitled to equitable relief (including without limitation provisional and permanent injunctive relief and specific performance) from a court of competent jurisdiction. The Parties shall be entitled to the relief described in this Section 14.02 without the requirement of posting a bond. Nothing stated herein shall limit any other remedies provided under this Agreement or available to the Parties at law.

ARTICLE 15

MISCELLANEOUS

Section 15.01 Notices. All notices, consents, and other communications between the Parties under or regarding this Agreement shall be in writing and shall be sent to the recipient's address set forth in this section by hand delivery, nationally respected overnight carrier, or certified mail, return receipt requested. Such communications shall be deemed to have been received on the date actually received

LLC: National CineMedia, LLC
9110 East Nichols Ave., Suite 200
Centennial, CO 80112
Attention: Chief Executive Officer

with a copy to: National CineMedia, LLC
9110 East Nichols Ave., Suite 200
Centennial, CO 80112
Attention: General Counsel

Regal: Regal Cinemas, Inc.
7132 Regal Lane
Knoxville, TN 37918
Attention: General Counsel

with a copy to: Hogan Lovells US LLP
1200 Seventeenth Street, Suite 1500
Denver, CO 80202
Attention: David London

Either Party may change its address for notices by giving written notice of the new address to the other Party in accordance with this section, but any element of such Party's address that is not newly provided in such notice shall be deemed not to have changed.

Section 15.02 Waiver; Remedies. The waiver or failure of either Party to exercise in any respect any right provided hereunder shall not be deemed a waiver of such right in the future or a waiver of any other rights established under this Agreement. All remedies available to either Party hereto for breach of this Agreement are cumulative and may be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed an election of such remedy to the exclusion of other remedies.

Section 15.03 Severability. Should any term or provision of this Agreement be held to any extent unenforceable, invalid, or prohibited under law, then such provision shall be deemed restated to reflect the original intention of the Parties as nearly as possible in accordance with applicable law and the remainder of this Agreement. The application of any term or provision restated pursuant hereto to Persons, property, or circumstances other than those as to which it is invalid, unenforceable, or prohibited, shall not be affected thereby, and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 15.04 Integration; Headings. The Parties hereto agree that the Amended and Restated Exhibitor Services Agreement dated as of July 15, 2005 was terminated (except as otherwise provided in the Letter Agreement dated as of February 13, 2007 by and among LLC, AMC, Cinemark and Regal (the "ESA Payment Letter")), and replaced by the Original Agreement and the exhibits thereto. The Original Agreement and the ESA Payment Letter constituted the complete and exclusive statement of the agreement between the Parties with respect to the subject matter of the Original Agreement as of February 13, 2007, and superseded any and all other prior or contemporaneous oral or written communications, proposals, representations, and agreements, express or implied. This Agreement and the exhibits hereto, together with the Digital Programming Exhibitor Services Agreement, amends and replaces the Original Agreement (as amended by the Amendments) as of the date hereof and, as of the Restated Effective Date, the Original Agreement (as amended by the Amendments) shall be of no further force or effect. This Agreement may be amended only by mutual agreement expressed in writing and signed by both Parties, except as otherwise provided in Section 12.06. Headings used in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 15.05 Construction. The Parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns, and verbs shall include the plural and vice versa. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable. The use of the words “include” or “including” in this Agreement shall be by way of example rather than by limitation. The use of the words “or,” “either” or “any” shall not be exclusive.

Section 15.06 Non-Recourse. Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the Parties hereto that each and every representation, warranty, covenant, undertaking and agreement made in this Agreement was not made or intended to be made as a personal representation, undertaking, warranty, covenant, or agreement on the part of any individual or of any partner, stockholder, member or other equity holder of either Party hereto, and any recourse, whether in common law, in equity, by statute or otherwise, against any such individual or entity is hereby forever waived and released.

Section 15.07 Governing Law; Submission to Jurisdiction. Subject to the provisions of Section 14.02 and the Parties’ agreement that the United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement and is hereby disclaimed by the Parties:

(a) **Governing Law.** This Agreement is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the Parties.

(b) **Jurisdiction.** Each Party hereto agrees that any legal action or other legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement shall be brought or otherwise commenced exclusively in any state or federal court located in Delaware or in New York, New York. Subject to the preceding sentence, each Party hereto:

(i) expressly and irrevocably consents and submits to the jurisdiction of each state and federal court located in New York, New York (and each appellate court located in the State of New York) in connection with any such legal proceeding, including to enforce any settlement, order or award;

(ii) consents to service of process in any such proceeding in any manner permitted by the laws of the State of New York, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 15.01 is reasonably calculated to give actual notice;

(iii) agrees that each state and federal court located in New York, New York shall be deemed to be a convenient forum;

(iv) waives and agrees not to assert (by way of motion, as a defense or otherwise), in any such legal proceeding commenced in any state or federal court located in New York, New York, any claim that such Party is not subject personally to the jurisdiction of such court, that such legal proceeding has been brought in an inconvenient forum, that the venue of such proceeding is improper or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court; and

(v) agrees to the entry of an order to enforce any resolution, settlement, order or award made pursuant to this Section by the state and federal courts located in New York, New York and in connection therewith hereby waives, and agrees not to assert by way of motion, as a defense, or otherwise, any claim that such resolution, settlement, order or award is inconsistent with or violative of the laws or public policy of the laws of the State of New York or any other jurisdiction.

(c) Costs and Expenses. In the event of any action or other proceeding relating to this Agreement or the enforcement of any provision of this Agreement, the prevailing party (as determined by the court) shall be entitled to payment by the non-prevailing party of all costs and expenses (including reasonable attorneys' fees) incurred by the prevailing party, including any costs and expenses incurred in connection with any challenge to the jurisdiction or the convenience or propriety of venue of proceedings before any state or federal court located in New York, New York.

Section 15.08 Assignment. Neither Party may assign or transfer, by operation of law or otherwise, any of its rights or obligations under this Agreement to any third party without the other Party's prior written consent. Either Party may fulfill their respective obligations hereunder by using third-party vendors or subcontractors; provided, however that such Party shall remain fully and primarily responsible to ensure that such obligations are satisfied. Regal acknowledges and agrees that in the event of assignment or transfer by the sale of all or substantially all of its assets, the failure to obtain (by operation of law or otherwise) an agreement in writing by assignee/transferee to be bound by the terms of this Agreement to the same extent as if such assignee/transferee were a party hereto (an "**Assignment and Assumption**") of its interest in this Agreement in respect of such assets as part of the sale shall constitute a material breach of this Agreement. Notwithstanding the foregoing, this Agreement shall not be assignable by either Party unless the assignee enters into an Assignment and Assumption. A Permitted Transfer shall not be deemed an assignment or transfer for purposes of this Agreement; provided, however, any Permitted Transfer by assignment to an Affiliate of Regal shall be (i) conditioned upon (A) the transferee entering into an Assignment and Assumption, (B) Regal agreeing in writing to remain bound by the obligations under this Agreement, and (ii) effective only so long as the Affiliate remains an Affiliate of transferee. Any attempted assignment in violation of this section shall be void.

Section 15.09 Force Majeure. Any delay in the performance of any duties or obligations of either Party (except the payment of money owed) will not be considered a breach of this Agreement if such delay is caused by a labor dispute, shortage of materials, fire,

earthquake, flood, or any other event beyond the control of such Party, provided that such Party uses commercially reasonable efforts, under the circumstances, to notify the other Party of the circumstances causing the delay and to resume performance as soon as possible.

Section 15.10 Third Party Beneficiary. The Parties hereto do not intend, nor shall any clause be interpreted, to create under this Agreement any obligations or benefits to, or rights in, any third party from either LLC or Regal. Neither Party hereto is granted any right or authority to assume or create any obligation or responsibility, express or implied, on behalf of, or in the name of, the other Party, or to bind the other Party in any matter or thing whatever. No Affiliate of either Party shall have any liability or obligation pursuant to this Agreement. Each Party shall be solely responsible, and each Party agrees to look solely to the other, for the satisfaction of such other Party's obligations under this Agreement.

Section 15.11 Export.

(a) LLC's Software and Confidential Information. Regal acknowledges and agrees: (i) that the Software and the Confidential Information of LLC are subject to the export controls of the United States, and (ii) that Regal has no right to, and further agrees that it will not, export or otherwise transfer or permit the transfer of any Software or Confidential Information of LLC outside the Territory. Regal will defend, indemnify, and hold harmless LLC from and against all fines, penalties, liabilities, damages, costs, and expenses incurred by LLC as a result of any failure to comply with the preceding sentence.

(b) Regal's Confidential Information. LLC acknowledges and agrees: (i) that the Confidential Information of Regal is subject to the export controls of the United States, and (ii) that LLC has no right to, and further agrees that it will not, export or otherwise transfer or permit the transfer of any Confidential Information of Regal outside the Territory. LLC will defend, indemnify, and hold harmless Regal from and against all fines, penalties, liabilities, damages, costs, and expenses incurred by Regal as a result of any failure to comply with the preceding sentence.

Section 15.12 Independent Contractors. The Parties' relationship to each other is that of an independent contractor, and neither Party is an agent or partner of the other. Neither Party will represent to any third party that it has, any authority to act on behalf of the other.

Section 15.13 Counterparts. This Agreement may be executed in any number of separate counterparts each of which when executed and delivered to the other Party hereto shall be an original as against the Party whose signature appears thereon, but all such counterparts shall together constitute one and the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

REGAL CINEMAS, INC.

By: /s/ Peter B. Brandow
Name: Peter B. Brandow
Title: Executive Vice President, General
Counsel & Secretary

NATIONAL CINEMEDIA, LLC

By: **NATIONAL CINEMEDIA, INC.,**
Its Manager

By: /s/ Kurt C. Hall
Name: Kurt C. Hall
Title: Chairman and Chief Executive
Officer

[Signature page to ESA]

**EXHIBITS TO AMENDED AND RESTATED EXHIBITOR SERVICES AGREEMENT
(AMENDED AND RESTATED AS OF DECEMBER 26, 2013)**

EXHIBIT A

DESCRIPTION OF ADVERTISING SERVICES

“Advertising Services” consist of the following:

1. *Lobby Promotions*. “**Lobby Promotions**” means as follows:

All lobby promotions and other in-theatre promotional activities (excluding the Digital Content Service, the Digital Carousel, the Traditional Content Program and other on-screen content, as described in 3 below), but specifically excluding the following promotional activities (which Regal shall retain the right to perform and have performed on its behalf):

- (i) promotional activities arising under the Regal contracts identified in the Specification Documentation;
- (ii) (1) poster case advertising, digital poster case advertising, advertising on digital animated poster cases, ATM or ticket kiosk screens (or such items that may replace digital poster cases, or ATM or ticket kiosk screens in the future) or other substantially similar display mechanisms and other lobby or in-theatre promotions for (A) Theatre Advertising, (B) film festivals organized by Regal (unless such poster cases have been sold by LLC), (C) fundraising programs conducted by Regal for any non-profit organizations, (D) full-length theatrical productions, (E) Digital Programming Events and (F) other promotional material that may include some or all of the following types of content: isolated images or still scenes from feature films or Digital Programming Events, full motion elements that are not a Trailer or Event Trailer, interactive elements, audio elements and motion sensors; provided, however, that no Trailers, Event Trailers or content equivalent to Trailers or Event Trailers are displayed;
- (2) drink cup and popcorn bag/tub advertising related to the Concessions, as necessary to fulfill contractual obligations of Regal with respect to promotion of such Concessions in the Theatres;
- (3) lobby or in-theatre promotions and advertising for vendors of services provided to the Theatres, provided such promotion is incidental to the vendor’s service, including by way of illustration and not limitation,

(A) logos of Movietickets.com and Fandango related to promotions for online ticketing services, (B) credit card company logos displayed at the box office, automated box office, Concession stands, cafes, arcades, and lobby kiosks, (C) bank logos displayed at ATM's, (D) phone company logos displayed at public telephones, and (E) logos of vendors who provide restroom soaps, toilet paper and lotions;

(4) logos on digital menu boards at the Concession stand or digital displays at the box office of manufacturers of such products;

(5) advertising and/or signage pursuant to the IMAX agreement (if applicable); and

(6) any trademark, service mark, logo or other branding of Regal (or its theatre-operating Affiliates), film studio(s), distributors and production companies and of Alternative Content JV, distributors and production companies for a Digital Programming Event;

provided, however, that Regal shall not be permitted to exhibit or display any promotion described in this Section 1.(ii), if such promotion features any trademark, service mark, logo or other branding of a party other than the film studio(s), distributors, production companies, Concession providers, or other service vendors or providers responsible for the production or promotion, as applicable, or of Regal (or its theatre-operating Affiliates), unless such promotion (x) relates to a Strategic Program that complies with Section 4.07(b) or (y) in connection with an Digital Programming Event contains only a Sponsor Message.

Popcorn bags, popcorn tubs, cups and kids' trays will be provided according to Regal's template and packaging requirements, subject to Regal's providing reasonable notice of changes to any such requirements. LLC may obtain advertising for all of the surface area of all such items that is not required (i) under the Beverage Agreement, (ii) as necessary to fulfill contractual obligations of Regal with respect to Concessions, and (iii) incidental branding needs of Regal, subject to the terms contained in the Beverage Agreement. Regal shall not amend or modify any contract to the extent such amendment or modification would be inconsistent with the exclusive rights of LLC hereunder or have the effect of any extension of third party restrictions on surface area advertising on such popcorn bags, popcorn tubs, cups and kids' trays, except as permitted under Section 4.06(a) with respect to the Beverage Agreement or as permitted under Section 4.07(a).

2. *Event Sponsorships*

“**Event Sponsorship**” means the sale of advertising or sponsorships with respect to any Digital Programming Event exhibited or shown in Theatres.

“**Event Simulcast Advertising Services**” means the sale of advertising with respect to any Digital Programming Event Simulcast. For clarification, to the extent that the content provider allows any third-party advertising to be included in a Digital Programming Event Simulcast, other than that provided by or on behalf of the content provider, LLC shall have the exclusive right, subject to the rights granted by LLC to the Alternative Content JV in the Alternative Content JV Services Agreement, to provide such advertising content.

3. *Digital Content Service, Digital Carousel and Traditional Content Program*

The Digital Content Service (which includes the Pre-Feature Program, Policy Trailer, and the Video Display Program), the Digital Carousel and the Traditional Content Program, and all other on-screen content which is exhibited in Theatre auditoriums prior to the feature film presentation or a Digital Programming Event, but specifically excluding Trailers and Event Trailers. Additionally, if agreed upon by LLC and Alternative Content JV, the Digital Content Service may include the Digital Programming Event Pre-Feature Program.

4. *3D Advertising Services*

“**3d Advertising Services**” means any of the Digital Carousel, the Pre-Feature Program, the Policy Trailer portions of the Advertising Services that are viewed by theatre patrons in 3D by using the Digital Cinema Equipment and 3D Glasses.

EXHIBIT A-1

REGAL
INVENTORY FOR LOBBY PROMOTIONS

The Inventory of Lobby Promotions for each Theatre to which LLC has “pre-approved” access is as listed below. Per Flight (unless otherwise specified below), LLC may provide each Theatre with any combination of Lobby Promotions as described below.

<u>Item</u>	<u>Inventory per Flight</u>	<u>Quantity</u>	<u>Spec</u>
Box Office Handout <i>(1 handout per transaction; not film specific)</i>	2 programs per Theatre	TBD	3”x5” 2-sided
Exit Sampling	1 program per Theatre	TBD	
Poster Case 24”x38” <i>(1-11 screens: 1 poster; 12 screens: 2 posters; 13-20 screens: 3 posters; 21+ screens: 4 posters)</i>	1 program per Theatre	varies (below) Live Area	27”x40”
Tabling/Demo <i>(No active “recruitment” of patrons)</i>	1 program per Theatre	1 per client	4-6’ table
Vehicle/Motorcycle <i>(Displays limited to specific list of Theatres provided by Regal, and updated from time to time after reasonable advance notice to LLC)</i>	1 program per Theatre	1 per client	
Background Music	1 program per Theatre	N/A	N/A
Counter Cards	2 programs per Theatre	2-3 per client	13”x16.5”x4”
Danglers	1 programs per Theatre per quarter	2-3 per client	18”x24”
Static Clings	1 program per Theatre per quarter	2-3 per client	4”x6”
Banners	1 program per Theatre per quarter	1 per client	6’x4’

Lobby Display	2 programs per Theatre	1 per client	4'x6'
<i>(Displays limited to specific list of Theatres provided by Regal, and updated from time to time after reasonable advance notice to LLC)</i>			
Lobby Standee	2 programs per Theatre	1 per client	3'x5'
<i>(Displays limited to specific list of Theatres provided by Regal, and updated from time to time after reasonable advance notice to LLC)</i>			
Floor Mats	1 program per Theatre per quarter	1 per client	4'x6'

EXHIBIT B

A. Creative Services (See Section 4.05(e))

LLC will provide Regal with up to 1,000 hours per year associated with Creative Services in conjunction with the creation of certain elements of the Pre-Feature Program (including the Policy Trailer, the Brand, and the Branded Slots, but excluding the Digital Programming Event Pre-Feature Program, Event Sponsorships and Branded Slots used for the promotion of Digital Programming Events) and Video Display Program (but excluding materials used for the promotion of Digital Programming Events) at no charge. Additional hours will be billed as set forth in item 2 below. The Creative Services provided at no cost may not include creation of Strategic Programs or any materials in connection with Digital Programming Events or Event Sponsorship.

“Creative Services” include the provision of (i) concept work, idea creation, scripting, treatments, storyboarding, timelines and animatics, (ii) execution, animation, production, post production, sound design, final encoding and the preparation of all deliverables, and (iii) project management, meetings, communications, sub contractor management and all administrative activity related to said creative services.

1. Allocated 1,000 Hours Per Year

All projects will be quoted on a GMH (Guaranteed Maximum Hours) basis by which the Parties will agree to the concept and execution plan of the project. This agreement may be based on treatments, scripts, storyboards, timelines or animatics and will define the intended scope of all creative projects. LLC will guarantee the total maximum hours allocated to the project regardless of actual hours invested so long as the defined scope is not increased. Scope increases may cause LLC to allocate more hours to a project and therefore could cause overruns in the project’s GMH, resulting in additional hours (and possibly fees). In all cases, any work resulting in overruns will be communicated to Regal by LLC prior to the work actually being done.

There is no specific deliverable attached to the accrual of hours, meaning that any project cancelled, put on hold, or for which production may extend beyond the anniversary of the agreement, will still have hours accrued against it that were incurred in that corresponding year. At the end of each calendar year, the balance of hours will be zeroed out. Unused hours will not carry forward. LLC shall provide a quarterly status report to Regal of all hours spent on any particular project as well as the amount of hours spent on an aggregate basis for all projects in any given calendar year.

2. Additional Work

Upon the utilization of 1,000 hours of Creative Services provided by LLC to Regal on any combination of projects within one calendar year, LLC will begin charging exhibitor \$[***]

per hour for all additional hours, subject to the CPI Adjustment. These charges will be consistent for all Creative Services provided across all creative groups within LLC.

B. Beverage Agreement Advertising Rate (See Section 4.06(a))

The initial Beverage Agreement Advertising Rate as of the Original Effective Date is \$[***] per thousand attendees in Regal Attendance for a 30-second advertisement. The Beverage Agreement Advertising Rate shall (i) increase 8% per year for each of the first two fiscal years beginning at the end of LLC's 2007 fiscal year; (ii) beginning at the end of the period set forth in (i) above, increase 6% per year for each of the next two fiscal years; and (iii) beginning at the end of the period set forth in (ii) above, increase in an amount equal to the annual percentage increase in the advertising rates per thousand attendees charged by LLC to unaffiliated third parties (excluding the advertising associated with the Beverage Agreement) for on-screen advertising in the Pre-Feature Program during the last six minutes preceding the start of the feature film for each fiscal year for the remainder of the Term, but in no event more than the highest advertising rate per thousand attendees being then-charged by LLC.

The rate for a longer or shorter advertisement shall be adjusted based on a multiple or percentage of the 30-second rate. For illustrative purposes, the initial Beverage Agreement Advertising Rate for 90 seconds of advertising as of the Original Effective Date would be \$[***]. The Beverage Agreement Advertising Rate of \$[***] agreed to by the Parties as of the Original Effective Date is a discounted rate due to the length of the Agreement and the initial commitment to purchase 90 seconds of advertising.

C. Event Services Administrative Fee (See Section 8.02)

The Administrative Fee to be charged for delivery of Trailers, Event Trailers, PSA Trailers, meeting events, Digital Programming Events or Digital Programming Event Pre-Feature Programs shall cover all post production services (including ingesting, editing and encryption) performed by LLC and delivery of content to Theatre(s) through the Digital Content Network. If LLC establishes an additional digital network, pricing related to services provided for such network will be developed separately.

The Administrative Fee shall be negotiated by LLC and Regal in good faith from time to time to ensure that the Administrative Fee being paid to LLC is equal to a market rate negotiated at arms length between third parties.

[***]

Schedule 1
Calculation of Exhibitor Allocation, Theatre Access Fee and Run-Out Obligations

A. Definitions

Within the context of this Schedule 1, the following terms shall have the following meanings:

“4.03 Participating Attendance” means the sum of Regal Attendance, Cinemark Attendance and AMC Attendance, calculated only with respect to Theatres, Cinemark Theatres and AMC Theatres that display an advertising campaign that Regal has not displayed in at least some Theatres pursuant to Section 4.03(viii) or (ix) of this Agreement or because of lack of equipment to display the Video Display Program.

“4.03 Theatre Access Fee” means the product of (i) the difference between (A) Regal 4.03 Opt-In Revenue minus (B) Regal Opt-Out Revenue, multiplied by (ii) the Theatre Access Pool Percentage. It is possible that the 4.03 Theatre Access Fee could be a negative number.

“Advertising-Related EBITDA” means, for the applicable measurement period, LLC EBITDA, less the sum of Non-Service EBITDA.

“Aggregate 4.03 Opt-In Attendance” means, with respect to any advertising campaign that is displayed by some but not all Founding Members pursuant to Section 4.03(i), (iii), (iv), (v) or (vi), the sum of attendance for each of the Founding Members that participate in such advertising campaign, with such attendance calculated for the applicable fiscal month pursuant to the definition of Regal Attendance, Cinemark Attendance and AMC Attendance, as applicable.

“Aggregate 4.03 Opt-In Revenue” means the sum of all 4.03 Revenue for each advertising campaign that any Founding Member opted not to display pursuant to Section 4.03(i), (iii), (iv), (v) or (vi) during the applicable measurement period.

“Aggregate Theatre Access Fee” means the sum of the Theatre Access Fee and the comparable theatre access fee payments made to Cinemark and AMC for the applicable period.

“Aggregate Theatre Access Pool” means the sum of the Regal Theatre Access Pool plus the comparable calculations for Cinemark and AMC.

“AMC Attendance” means the total number of patrons in all AMC Theatre auditoriums (excluding auditoriums that do not run the applicable advertising due to human or technical error within AMC’s control, AMC’s failure to allow LLC to upgrade the Software or Equipment, AMC’s failure to install Equipment pursuant to its obligations under Section 3.04 of its Exhibitor Services Agreement or, after notice and opportunity to cure as set forth in Section 3.08(b) of its Exhibitor Services Agreement, as the result of AMC’s failure to repair or replace any AMC Equipment or AMC’s (or its Affiliates’) software installed at any Theatre, if such obligation to repair or replace is undertaken by AMC pursuant to Section 3.08(b) of its Exhibitor Services Agreement and excluding auditoriums with IMAX Screens that do not exhibit Inventory), during the applicable measurement period.

“AMC Equipment” means the Equipment owned by AMC, pursuant to the AMC Exhibitor Agreement.

“AMC Screen Count” means the Screen Number with respect to all AMC Theatre screens for the applicable measurement period.

“AMC Theatre Access Pool” means the AMC Theatre Access Pool, calculated pursuant to the AMC Exhibitor Agreement.

“Attendance Factor” means, as of the Effective Date, [***]% (which represents the percentage calculated for the fourth fiscal quarter of 2006 using the formula in the following sentence). Effective as of the first day of each succeeding fiscal quarter of LLC beginning with the second fiscal quarter of 2007, the Attendance Factor shall adjust and be a percentage equal to (i) the total revenue payable to LLC for the immediately preceding fiscal quarter attributable to advertising exhibited in the Theatres, Cinemark Theatres and AMC Theatres with respect to advertising contracts for which the pricing is based on attendance, flat fee or other than number of screens, divided by (ii) the total revenue payable to LLC for the immediately preceding fiscal quarter attributable to all advertising exhibited by LLC in the Theatres, Cinemark Theatres and AMC Theatres.

“Beverage Agreement Revenue” means the aggregate revenue received by LLC related to the Beverage Agreement and Cinemark’s and AMC’s beverage agreements for the applicable measurement period.

“Cinemark Attendance” means the total number of patrons in all Cinemark Theatre auditoriums (excluding auditoriums that do not run the applicable advertising due to human or technical error within Cinemark’s control, Cinemark’s failure to allow LLC to upgrade the Software or Equipment, Cinemark’s failure to install Equipment pursuant to its obligations under Section 3.04 of its Exhibitor Services Agreement or, after notice and opportunity to cure as set forth in Section 3.08(b) of its Exhibitor Services Agreement, as the result of Cinemark’s failure to repair or replace any Cinemark Equipment or Cinemark’s (or its Affiliates’) software installed at any Theatre, if such obligation to repair or replace is undertaken by Cinemark pursuant to Section 3.08(b) of its Exhibitor Services Agreement and excluding auditoriums with IMAX Screens that do not exhibit Inventory), during the applicable measurement period.

“Cinemark Equipment” means the Equipment owned by Cinemark, pursuant to the Cinemark Exhibitor Agreement.

“Cinemark Screen Count” means the Screen Number with respect to all Cinemark Theatre screens for the applicable measurement period.

“Cinemark Theatre Access Pool” means the Cinemark Theatre Access Pool, calculated pursuant to the Cinemark Exhibitor Agreement.

“Digital Screen Number” means the total number of Digital Screens for the applicable measurement period, calculated as the average between the number of Digital Screens on the last day of the preceding measurement period and the last day of the applicable measurement period.

“Encumbered Exhibitor Allocation” means [***].

“Encumbered Service Revenue” means [***].

“Exclusivity EBITDA” means [***].

“Exclusivity Percentage” means [***].

“Exclusivity Run-Out Payment” means, for the applicable fiscal quarter, [***].

“Exhibitor Allocation” means the sum of (i) the product of the Screen Factor and the Regal Screen Ratio, and (ii) the product of the Attendance Factor and the Regal Attendance Ratio.

“Gross Advertising EBITDA” means Advertising-Related EBITDA less any Beverage Agreement Revenue.

“LLC EBITDA” means the aggregate EBITDA of LLC for the applicable measurement period, excluding any Exclusivity Run-Out Payments paid pursuant to this Agreement or any Exhibitor Services Agreement.

“Non-Encumbered Exhibitor Allocation” means [***].

“Non-Service EBITDA” means, for the applicable measurement period, the portion of LLC EBITDA attributable to a business line other than Advertising Services. For the avoidance of doubt, Non-Service EBITDA shall not include Exclusivity Run-Out Payments pursuant to this Agreement or any other Exhibitor Services Agreement.

“Regal 4.03 Opt-In Revenue” means Regal’s proportional share of the 4.03 Revenue resulting from advertising subject to Section 4.03(i), (iii), (iv), (v) or (vi) that was declined by Cinemark or AMC but that Regal exhibited in the fiscal month during which LLC provides the Advertising Services. Regal 4.03 Opt-In Revenue shall be calculated by aggregating, for the applicable fiscal month, the amount equal to the product of (i) the 4.03 Revenue for each relevant advertising campaign, multiplied by (ii) the following fraction (A) the numerator of which is Regal Attendance and (B) the denominator of which is Aggregate 4.03 Opt-In Attendance.

“Regal 4.03 Opt-Out Attendance” means Regal Attendance calculated only with respect to Theatres that do not display an advertising campaign pursuant to Section 4.03(viii) or (ix) of this Agreement or because of lack of equipment to display the Video Display Program.

“Regal 4.03 Opt-Out Revenue” means the estimate of the proportional share of additional 4.03 Revenue that would have been available to LLC in the applicable fiscal month from an advertising campaign that was not displayed in all Theatres pursuant to Regal’s decision under

Section 4.03(viii) or (ix) of this Agreement or lack of equipment to display the Video Display Program. Regal 4.03 Opt-Out Revenue shall be calculated by aggregating for the applicable fiscal month the amount equal to the product of (i) the 4.03 Revenue for each relevant advertising campaign, multiplied by (ii) the following fraction (A) the numerator of which is Regal 4.03 Opt-Out Attendance and (B) the denominator of which is 4.03 Participating Attendance.

“Regal Attendance” means the total number of patrons in all Theatre auditoriums (excluding auditoriums that do not run the applicable advertising due to human or technical error within Regal’s control, Regal’s failure to allow LLC to upgrade the Software or Equipment, Regal’s failure to install Equipment pursuant to its obligations under Section 3.04 or, after notice and opportunity to cure as set forth in Section 3.08(b), as the result of Regal’s failure to repair or replace any Regal Equipment or Regal’s (or its Affiliates’) software installed at any Theatre, if such obligation to repair or replace is undertaken by Regal pursuant to Section 3.08(b) and excluding auditoriums with IMAX Screens that do not exhibit Inventory), during the applicable measurement period.

“Regal Attendance Ratio” means the quotient of: (i) Regal Attendance, divided by (ii) the sum of (A) the Regal Attendance, (B) the Cinemark Attendance and (C) the AMC Attendance.

“Regal Digital Screen Count” means the Digital Screen Number with respect to all Theatres for the applicable measurement period.

“Regal Screen Count” means the Screen Number with respect to all Theatres for the applicable measurement period.

“Regal Screen Ratio” means the quotient of: (i) Regal Screen Count, divided by (ii) the sum of (A) the Regal Screen Count, (B) the Cinemark Screen Count and (C) the AMC Screen Count.

“Regal Theatre Access Pool” means the sum of (i) the Regal Theatre Access Attendance Fee and (ii) the Regal Theatre Access Screen Fee.

“Regal Theatre Access Attendance Fee” means the product of (i) the Theatre Access Fee per Patron and (ii) Regal Attendance for the applicable fiscal month.

“Regal Theatre Access Screen Fee” means the product of (i) the Theatre Access Fee per Digital Screen and (ii) the Regal Digital Screen Count, calculated as the average between the number of Digital Screens on the last day of the preceding measurement period and the last day of the applicable measurement period.

“Screen Factor” means the percentage resulting from 1 minus the Attendance Factor.

“Screen Number” means, with respect to any measurement period, the sum of the total number of screens in the applicable theatres on each day of the applicable measurement period, all divided by the number of days in the applicable measurement period, provided that a screen shall not be counted for purposes of this calculation if such screen is inaccessible to exhibit Inventory

for the majority of the planned exhibitions for any particular day (i) with respect to the Theatres: due to human or technical error within Regal's or its Affiliates' control, Regal's failure to allow LLC to upgrade the Software or Equipment (subject to Section 3.05), Regal's failure to install Equipment pursuant to its obligations under Section 3.04 or, after notice and opportunity to cure as set forth in Section 3.08(b), as the result of Regal's failure to repair or replace any Regal Equipment or Regal's (or its Affiliates') software installed at any Theatre, if such obligation to repair or replace is undertaken by Regal pursuant to Section 3.08(b)), (ii) with respect to the Cinemark Theatres: due to human or technical error within Cinemark's or its Affiliates' control, Cinemark's failure to allow LLC to upgrade the Software or Equipment (subject to Section 3.05 of its Exhibitor Services Agreement), Cinemark's failure to install Equipment pursuant to its obligations under Section 3.04 of its Exhibitor Services Agreement or, after notice and opportunity to cure as set forth in Section 3.08(b), as the result of Cinemark's failure to repair or replace any Cinemark Equipment or Cinemark's (or its Affiliates') software installed at any Theatre, if such obligation to repair or replace is undertaken by Cinemark pursuant to Section 3.08(b) of its Exhibitor Services Agreement), (iii) with respect to the AMC Theatres: due to human or technical error within AMC's or its Affiliates' control, AMC's failure to allow LLC to upgrade the Software or Equipment (subject to Section 3.05 of its Exhibitor Services Agreement), AMC's failure to install Equipment pursuant to its obligations under Section 3.04 of its Exhibitor Services Agreement or, after notice and opportunity to cure as set forth in Section 3.08(b), as the result of AMC's failure to repair or replace any AMC Equipment or AMC's (or its Affiliates') software installed at any Theatre, if such obligation to repair or replace is undertaken by AMC pursuant to Section 3.08(b) of its Exhibitor Services Agreement), or (iv) if such screen is an IMAX Screen that does not exhibit Inventory.

“Supplemental Theatre Access Fee” means an annual payment from LLC to Regal to supplement the amount of the Theatre Access Fee, payable only if the Aggregate Theatre Access Fee is less than twelve percent of Aggregate Advertising Revenue for the applicable fiscal year. The Supplemental Theatre Access Fee, if any, is equal to the product of (i) (A) twelve percent of Aggregate Advertising Revenue for the relevant fiscal year minus (B) the Aggregate Theatre Access Fee for the relevant fiscal year, and (ii) the Regal Attendance Ratio for the relevant fiscal year.

“Theatre Access Fee” means a monthly payment from LLC to Regal in consideration for Theatres' participation in Advertising Services, which shall be the sum of (i) the Regal Theatre Access Pool and (ii) the 4.03 Theatre Access Fee.

“Theatre Access Fee per Digital Screen” means \$66.67 per month per Digital Screen as of the Effective Date through the end of LLC's 2007 fiscal year and shall increase 5% annually thereafter.

“Theatre Access Fee per Patron” means a fee of \$0.07 per Theatre patron as of the Effective Date and shall increase 8% every five years, with the first such increase after the end of LLC's 2011 fiscal year. Patrons are counted as set forth in the definition of Regal Attendance.

“Theatre Access Pool Percentage” means (i) the Aggregate Theatre Access Pool for the applicable fiscal month, divided by (ii) the difference between (A) Aggregate Advertising Revenue minus (B) Aggregate 4.03 Opt-In Revenue, for the applicable fiscal month.

“Theatre Maintenance Fee per Digital Cinema Screen” means, (i) beginning in the month in which the conversion of any screen in any auditorium in any Theatre to a Digital Cinema Screen either through Dual Interface Architecture or the ACE Solution) is initially completed and is operational for the exhibition of the Pre-Feature Program and LLC has delivered the LLC Confirmation with respect to such Digital Cinema Screen or (ii) beginning in the month in which a new-build auditorium with a Digital Cinema Screen is initially operational for the exhibition of the Pre-Feature Program as confirmed by LLC, a monthly payment in addition to the Theatre Access Fee per Digital Screen shall be made from LLC to Regal in the amount of \$[***] per month through the end of LLC’s 2011 fiscal year, which additional amount shall increase [***]% annually thereafter, with payment for (y) the first month to be pro rata based upon the number of days in such month in which the converted screen is operational and (z) the last month in the term of this Agreement (or the last month in which the Digital Cinema Equipment is not removed from such Digital Cinema Screen) to be [***]% of the applicable monthly payment then due. The amount of the Theatre Maintenance Fee per Digital Cinema Screen shall be the same regardless of whether the Dual Interface Architecture or the ACE Solution is chosen to deliver Advertising Services in any auditorium; provided that if Regal removes the Digital Cinema Equipment in any Digital Cinema Screen as permitted by Section 3.06, LLC shall no longer be liable to pay Regal the Theatre Maintenance Fee per Digital Cinema Screen with respect to such Digital Cinema Screen until such time as Projection System with respect to such Digital Cinema Screen is reinstalled.

In addition to the foregoing, the following terms have the meanings assigned in the Sections of this Agreement referred to in the table below:

<u>Term</u>	<u>Section</u>
Agreement	Preamble
4.03 Revenue	4.03
ACE Solution	Article 1
Advertising Services	Article 1
Affiliate	Article 1
Aggregate Advertising Revenue	Article 1
AMC Exhibitor Agreement	Article 1
AMC Theatre	Article 1
Beverage Agreement	Article 1
Cinemark Exhibitor Agreement	Article 1
Cinemark Theatre	Article 1
Digital Cinema Equipment	3.06
Digital Cinema Screen	Article 1
Digital Screen	Article 1
Digitized Theatre	Article 1
Dual Interface Architecture	Article 1
EBITDA	Article 1

<u>Term</u>	<u>Section</u>
Effective Date	Preamble
Encumbered Theatre	4.08
Equipment	Article 1
Founding Members	Article 1
IMAX Screens	4.13(b)
Inventory	Article 1
LLC	Preamble
LLC Confirmation	3.06(a)
Pre-Feature Program	Article 1
Projection System	Article 1
Regal	Preamble
Regal Equipment	Article 1
Software	Article 1
Theatres	Article 1

B. Exhibitor Allocation

Formula¹

Exhibitor Allocation = (Screen Factor * Regal Screen Ratio) + (Attendance Factor * Regal Attendance Ratio); where:

- (1) Screen Factor = 1 - Attendance Factor
- (2) Regal Screen Ratio = Regal Screen Count / (Regal Screen Count + Cinemark Screen Count + AMC Screen Count)
 - (a) Screen Count (for each of Regal, Cinemark and AMC) = Screen Number for that exhibitor during the applicable measurement period
 - (b) Screen Number = Number of screens available in the exhibitor's Theatres on each day of the applicable measurement period to exhibit Inventory / Total number of days in the applicable measurement period
- (3) Attendance Factor = Percentage of advertising revenue attributable to contracts with pricing based on any factor other than number of screens (e.g., pricing based on attendance or flat fee) compared to total advertising revenue, as calculated on the first day of each fiscal quarter
- (4) Regal Attendance Ratio = Regal Attendance / (Regal Attendance + Cinemark Attendance + AMC Attendance)
 - (a) Attendance (for each of Regal, Cinemark and AMC) = Total number of patrons in all of the exhibitor's Theatre auditoriums during the applicable measurement period

¹ The meaning of each term used in this exhibitor allocation formula is qualified by the Definitions section of this Schedule 1.

C. Theatre Access Fee

Formula² for Monthly Payments of Theatre Access Fee and Annual Payments of Supplemental Theatre Access Fee

Theatre Access Fee = Regal Theatre Access Pool + 4.03 Theatre Access Fee; where:

- (1) Regal Theatre Access Pool = Regal Theatre Access Attendance Fee + Regal Theatre Access Screen Fee
 - (a) Regal Theatre Access Attendance Fee = Theatre Access Fee per Patron * Regal Attendance
 - (i) Theatre Access Fee per Patron = \$0.07 per patron (subject to an increase of 8% every five years, with the first such increase occurring after the end of LLC's 2011 fiscal year)
 - (ii) Regal Attendance = Number of patrons in all Theatre auditoriums that exhibit the advertising
 - (b) Regal Theatre Access Screen Fee = Theatre Access Fee per Digital Screen * Regal Digital Screen Count
 - (i) Theatre Access Fee per Digital Screen = \$66.67 per Digital Screen (subject to a 5% annual increase, beginning after the end of LLC's 2007 fiscal year)
 - (ii) Regal Digital Screen Count = Number of screens in Digitized Theatres that exhibit advertising
- (2) 4.03 Theatre Access Fee = (Regal 4.03 Opt-In Revenue – Regal 4.03 Opt-Out Revenue) * Theatre Access Pool Percentage
 - (a) Regal 4.03 Opt-In Revenue = For each advertising campaign that is displayed by Regal and contains content not displayed by Cinemark or AMC pursuant to Section 4.03(i), (iii), (iv), (v) or (vi) of this Agreement, the aggregate of the products obtained from the following calculation:
 - 4.03 Revenue for that advertising campaign * (Regal Attendance / Aggregate 4.03 Opt-In Attendance)
 - (i) Regal Attendance = See Section B of this Schedule
 - (ii) Aggregate 4.03 Opt-In Attendance = Sum of Regal Attendance, Cinemark Attendance and AMC Attendance, as applicable, for the Founding Members that displayed such 4.03 content
 - (b) Regal Opt-Out Revenue = For each advertising campaign that is not displayed in all Theatres pursuant to Regal's decision under Section 4.03(viii) or (ix) of this Agreement or lack of equipment to display the Video Display Program, the aggregate of the products obtained by the following calculation:

² The meaning of each term used in this Theatre Access Fee formula and Supplemental Theatre Access Fee formula is qualified by the definitions in Section A of this Schedule 1.

- 4.03 Revenue for that advertising campaign * (Regal 4.03 Opt-Out Attendance / 4.03 Participating Attendance)
- (i) Regal 4.03 Opt-Out Attendance = Regal Attendance during the applicable fiscal month at Theatres that did not display content pursuant to Section 4.03(viii) or (ix) of this Agreement or because of lack of equipment to display the Video Display Program
 - (ii) 4.03 Participating Attendance = Sum of Regal Attendance, Cinemark Attendance and AMC Attendance at Theatres, Cinemark Theatres and AMC Theatres that displayed such content
- (c) Theatre Access Pool Percentage = Aggregate Theatre Access Pool / (Aggregate Advertising Revenue – Aggregate 4.03 Opt-In Revenue)
- (i) Aggregate Theatre Access Pool = Sum of Regal Theatre Access Pool + Cinemark Theatre Access Pool + AMC Theatre Access Pool
 - (ii) Aggregate Advertising Revenue = LLC’s revenue related to Advertising Services, except Event Sponsorships, revenue related to relationships with third parties that are not Founding Members and Advertising Services provided to Founding Members outside the provisions of this Agreement
 - (iii) Aggregate 4.03 Opt-In Revenue = The aggregate of all 4.03 Revenue for each advertising campaign that any Founding Member opted not to display pursuant to Section 4.03(i), (iii), (iv), (v) or (vi).

Supplemental Theatre Access Fee = If Aggregate Theatre Access Fee < (12% * Aggregate Advertising Revenue): ((12% * Aggregate Advertising Revenue) – Aggregate Theatre Access Fee) * Regal Attendance Ratio; where:

- (1) Aggregate Theatre Access Fee = Sum of Theatre Access Fee plus the comparable theatre access fee payments made to Cinemark and AMC for the same period
- (2) Regal Attendance Ratio = See Section B of this Schedule

D. Exclusivity Run-Out Payment

Formula³ for Quarterly Payments

Exclusivity Run-Out Payment = [***]

³ The meaning of each term used in this Exclusivity Run-Out Payment formula is qualified by the definitions in Section A of this Schedule 1.

Schedules

2, 3, 4

SCHEDULE 2

“ACE Solution” Architecture

[***]

SCHEDULE 3

“Dual Interface” Architecture

[***]

SCHEDULE 4

“Low Resolution Projection System”

[***]

SCHEDULE A

**DCN Advertising
Equipment List for Separate Systems**

[***]

**DCN Advertising
Equipment List for Dual Interface**

[***]

**DCN Advertising
Equipment List for Full Integration**

[***]

**DBN Fathom
Equipment List using LCD Projector**

[***]

**DBN Fathom
Equipment List using Digital Cinema Projector**

[***]

SUBSIDIARIES OF NATIONAL CINEMEDIA, INC.

National CineMedia, LLC, a Delaware limited liability company (a wholly owned subsidiary of National CineMedia, Inc.)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-176055 on Form S-3 and in Registration Statement No. 333-188488, No. 333-176054, No. 333-158836 and No. 333-140652 on Form S-8 of our reports dated February 21, 2014, relating to the consolidated financial statements of National CineMedia, Inc. and subsidiary and the effectiveness of National CineMedia, Inc.'s internal control over financial reporting, appearing in the Annual Report on Form 10-K, of National CineMedia, Inc. for the year ended December 26, 2013.

/s/ Deloitte & Touche LLP

Denver, Colorado
February 21, 2014

CERTIFICATIONS

I, Kurt C. Hall, certify that:

1. I have reviewed this Annual Report on Form 10-K of National CineMedia, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2014

/s/ Kurt C. Hall

Kurt C. Hall

President, Chief Executive Officer and Chairman
(Principal Executive Officer)

CERTIFICATIONS

I, David J. Oddo, certify that:

1. I have reviewed this Annual Report on Form 10-K of National CineMedia, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2014

/s/ David J. Oddo

David J. Oddo

Senior Vice President, Finance and Interim Co-Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K for the period ending December 26, 2013 (the "Report") of National CineMedia, Inc. (the "Registrant") as filed with the Securities and Exchange Commission on the date hereof, I, Kurt C. Hall, the President, Chief Executive Officer and Chairman of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: February 21, 2014

/s/ Kurt C. Hall

Kurt C. Hall

President, Chief Executive Officer and Chairman
(Principal Executive Officer)

This certification is furnished with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K for the period ending December 26, 2013 (the "Report") of National CineMedia, Inc. (the "Registrant") as filed with the Securities and Exchange Commission on the date hereof, I, David Oddo, the Senior Vice President, Finance and Interim Co-Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: February 21, 2014

/s/ David J. Oddo

David J. Oddo

Senior Vice President, Finance and Interim Co-Chief Financial
Officer

(Principal Financial Officer)

This certification is furnished with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.